

INSIDE: SPECIAL REPORT—TURNER'S GAMBLE ON THE SENATE

Maclean's

AUGUST 1, 1988

CANADA'S WEEKLY NEWSMAGAZINE

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AUGUST 1, 1988, VOL. 161 NO. 22

COVER

Car wars 1988

The North American auto sector is one of the most lucrative markets in the world, and both foreign and domestic vehicle manufacturers are desperately vying to get their cars across the border. As a result, a tense market-share battle is about to erupt across the continent, and most analysts say that not everyone will survive.

—Page 36

COVER PHOTO BY ANDREW DICKINSON



The candidate from suburbia

At their splashy convention in Atlanta, Democrats joined to make the ordinariness of presidential candidate Michael Dukakis his ticket to the White House.

—Page 38



Turner's Senate gamble

During a two-week session in early July, the 60-year-old Liberal leader had wrestled with a fateful decision that could make or break his political career.

—Page 10



The funny-bone festival

With acts ranging from Canada's John Candy to France's Marcel Marceau, the Just for Laughs festival made Montreal an international comedy crossroads.

—Page 51



A dramatic opening

Model Jerry Hall, the long-time girlfriend of rock star Mick Jagger, makes her stage debut in *Five Girls*, playing a part made famous by Marilyn Monroe.

—Page 10

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LETTERS

Swept away

As women (single, of course) who watch Peter Mandelstam's job, sorry, cars, we were distressed to learn of his pending marriage (Passages, July 11). However, we were perturbed to learn that he was swept away with the romance of wedding "after the next federal election." We admit we get a bit teary-eyed also when we think of the election, but visions of a wedding on Parliament Hill to rival the Groaty-Jones gala make us want to weep in our Canada Co. stores. Whatever happened to romance? —BARA EDWARDS, ELLEN GARDNER, CYRILIA HARTIS, Toronto

Peeling off an inaccurate label

We at *The Star* take issue with the reference in our paper as a "right-wing Jewish paper" ("A secret Arab-Jewish talk," Canada, June 27). The *Star* is a weekly newspaper for people of diverse views. It is the largest English-language weekly and second only to the *Montreal Gazette* among all Jewish papers in Quebec. We pride ourselves on the objective manner of our editorial material. A portion of our readers, advertisers and staff are of the Jewish faith, but the label was neither necessary nor accurate.

—BARA EDWARDS,
Editor-in-Chief,
The Star,
One St-Jean, Que.

A challenge for Foth

Alain Robitman's "Passing on the wisdom of ages" (Hinterland, July 6) talks



Mandelstam's romance on Parliament Hill

Saturday Night editor John Fraser to talk for using a paradigm in a recent story—"A Midey little piece about a television show that Fraser recently agreed to appear on." Should not Fraser, as a defender of journalistic ethics, have admitted that he is a regular, paid participant of said TV show?

—KEVIN PETERSON,
General manager,
Calgary Herald,
Calgary

A bad case of hiccup

Woodward, I have often, about all the column in the caption in *Marion's* Necessary do you think they all are? Brevity and clarity do they accomplish? Meritless structure, do they enhance? Variety, expression of do they provide? Their effect on me, hiccup, especially when reading aloud! —LISA DE WITTE, Vancouver

The good, the bad and the grey

Like Barbara Amiel, I have travelled in the Soviet Union and China and am trying to make sense of what I saw and heard ("Half a change is not enough," Column, June 21). When it comes to freedom, the Chinese never as who built the one-party system experienced a shortage, as did the Japanese people who moved from the West Coast of Canada to Northern Ontario during the Second World War. And the relatives of the Iranian plane travellers shot down by the US *Vigilance* will wonder about the merits of democracy and capitalism. Amiel divides the world into good guys and bad guys. There is neither. It's all grey. —MICHAEL WATSON, Arlington, Ont.

Letters are edited and may be condensed. Writers should supply address and telephone number. Most correspondence is lost. Send all letters to the Editor, *Maclean's*, 777 Denison St., Toronto, Ont. M5T 1A7.

PASSAGES

RETURNED: Former infantryman Nikola Golovik, 35, taken home to the Soviet Union after seeking refuge in Canada with four other Red Army deserters in November, 1986. The five were brought to Canada by federal government officials from Afghanistan where they had been held by rebels fighting Soviet troops. Golovik, who was working in a kitchen, first, meat-processing plant, said that he missed his family and wanted to return to an environment where Russians is spoken.

CHARGED: Canadian women's tennis champion Hana Kribel, 18, with careless driving in Mississauga, Ont., near the site of the national championships, following a four-car accident in which she bruised her left knee. Three days after the accident, she defeated Carling Bassett for the championship.

DISCOVERED: Former Halifax mayor and ex-Edmonton Mayor, G. from the Conservative cabinet of Nova Scotia Premier John Buchanan. Morris was found \$100 in January for violating the province's Freedom of Information Act by releasing confidential information from the file of a soldier's report.

DEED: Montreal journalist Donald Foley, 48, of five years at the Ottawa Civic Hospital. Foley held senior positions with the now-defunct *Montreal Star*, the *Montreal Gazette* and the *Montreal Daily News*, launched earlier this year. He also helped launch the 1300 AM radio network and served as a senior communications adviser to the Liberal party under Pierre Trudeau and John Turner.

ADVERTISED: To withdraw practitioners. Lion Sequent Sun, 35, \$10,000 for 1986 as a result of comments made on a religious TV program in 1984. A BC Supreme Court jury in Victoria, which heard evidence of wife abuse, drug usage and sexual worship conducted in Sun's Victoria bookstore, deliberated for 15 hours before finding that Sun never attempted a human sacrifice.

DEED: Montreal-born sportsman John Galbreath, 56, of heart problems at his Doris Day Farm, near Colonsay, Ont. Galbreath owned the Pittsburgh Pirates baseball franchise from 1946 to 1985, but said that horse racing was his first love. He owned two Kentucky Derby winners, Chateaugay in 1983 and Proud Clarion in 1987.

SENTENCED: Rock musician Ike Turner, 56, to one year in jail for possession and transportation of cocaine following his arrest in West Hollywood, Calif., last August. Turner gained fame in the 1960s singing with his then-wife, Tina Turner.

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Lineups for the Island



Waiting to board a P.E.I. ferry, the scramble to reach a tourist influx

Every day, they disembark from the packed ferries at Lunenburg and Wood Islands. P.E.I. parents with their children, singles with their sailboats, pensioners with pets. They are among the tourists who are contributing to a travel boom in many parts of Canada. Tourism Canada says that international visits alone increased to 15 million in 1997 from 13.2 million in 1995. But the surge is particularly evident on tiny Prince Edward Island, with its population of 138,000.

Last year was a record-breaking season as more than 700,000 visitors, up from 606,000 in 1996, injected \$82.5 million into the island's economy between mid-May and October. This past, officials report that in May they received 80 per cent more

land's deputy tourism minister. "People who want a holiday in an environment which is pure are coming here. We must maintain this—for them and for ourselves."

Tourist-industry spokesmen and government officials say that the increase is largely owing to the island's recent and favorable exposure in the media. That is partly due to the *Asses of Greco* movies, set on the island, that aired on the TV—the first in 1996, the sequel last December. But officials also cite results from the year's advertising campaign. Aimed at areas that are at the most a 15-hour drive from the island, the ads—featuring the province's natural beauty—have appeared in Quebec, Ontario, the New England states and the other Atlantic provinces. And tourism from Japan—where Lucy Maud Montgomery's *Asses of Greco* Golden books are popular—has risen that doubled between 1996 and 2007 to 5,500 visitors.

Island residents have scrambled to handle the influx. Some places were fully booked months ago for the peak July-August season, causing frustration for some would-be visitors. But of island stress that some accommodation is available. One reason for that since 1997, accommodation in hotels and motels alone has grown by 25 per cent and those associated with the industry say that the number of bed-and-breakfast facilities and cottages has also increased. Robert Shaw, proprietor of Shaw's Hotel and Cottages at Brackley Beach, said that this year he added five new cottages to his already existing 15. Those cottages were booked even before Shaw had completed them. He added, "I now wish we could have built more."

Among visitors, complaints appear to be centred mainly around cloggy evenings and the high prices (about \$90) charged by some restaurants for lobster dinners—one of the island's major attractions. "It is our first time here and we love it," said Cindy Spence of Summerside. But, she added, "you have the world's largest supply of lobsters, so they should not be cheap in restaurants." Still, Spence said that she had found a lobster waiting at the reserves and buying lobster from Summerside. And for Spence, as for other visitors, the freedom to do just that clearly constitutes one of the island's many attractions.

—BARBARA MACANDREW in Charlottetown

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For more information about the Blue Jays, listen mornings and afternoons to Pat Marsden and Bill Stephenson. It's when the game ends that the stories begin.

CFRB 1010
AM STEREO

COLUMN

A timely tale of unwanted money

By Diane Francis

If God had intended the world to operate in a logical fashion, He would not have created businessmen or Canadian chartered banks. What follows is a case of money tripping over common sense. It is a timely tale considering the fact that our banks have been under the gun, deservedly, for their unfair service charges. The fact is that money, like my master, Terry My Dog Bankers and his finance committee, that Canadians have been nickel-and-dimed for years by our banks.

The story involves a friend of mine, Terry Howes, and my very own bank, the Bank of Montreal. To be fair, I must say at the outset that this bank has served me well for more than 20 years. Similarly, Howes says that he has had a number of satisfactory dealings with this bank. But not this time.

Howes runs a flourishing research business in Kitchikook, Ont., called Locator of Missing Hairs Inc. He makes his money mostly by tracking down unclaimed stock certificates or other assets, then finding the persons who are entitled to them. In return, he collects a finder's fee of up to 30 per cent of the proceeds. Howes won't give away his trade secrets, but suffice it to say that he came across \$7,000 languishing in a court account. The money had been part of a mortgage transaction through the Bank of Montreal's Montreal Road branch in Ottawa that had possibly been overlooked. Because the bank, as a creditor, was entitled to the funds, Howes wrote the bank branch manager, Richard Lawson, on Feb. 5 to tell him the good news.

"We have discovered approximately \$7,000 to which it would seem your branch has a claim and of which we doubt you are aware, as it has likely been written off," Howes wrote. "We would be pleased to assist your auditor to obtain this money which should present little difficulty in doing. Our fee is 30 per cent of the net proceeds, payable upon receipt by your bank. If our information is not correct, or is already known to you, we need nothing."

Howes's next letter was to Bank of Montreal president Matthew Barrett on April 19. "On Feb. 5, I wrote a letter to your Montreal Road branch in Ottawa," Howes wrote. "As I had no reply, I phoned him [the manager] on Friday, April 15. Mr. Lawson informed me that he had thrown the letter out,

and that if a debt had been written off, it was no concern of his. Ironically, this was the same day that the House of Commons finance committee was raising your representatives over the costs for squaring out every last nickel in service charges.

"Bankers' ways are strange to an ordinary mortal," continued Howes in his letter, but then he offered Barrett another option. "If the bank doesn't agree to this money, might I suggest it be donated to the Brothers of the Good Shepherd on Queen Street East in Toronto who feed the poor and would put it to good use. In this case, I will, of course, waive my fee."

Unfortunately, the Brothers of the Good Shepherd could only get the \$7,000 if the money's owner, the Bank of Montreal, claimed the cash—then signed it over. Without the bank's co-operation, the money will sit in a court account forever. In Canada, unclaimed assets are

To billion-dollar outfits like our chartered banks, perhaps \$7,000—a mere drop in the bucket—does not mean very much

either transferred to a Supreme Court account or else, later, they are "eschewed"—turned over to the public domain if specific laws allow.

On June 16, Barrett replied to Howes's courteous offer. "I appreciate your taking the time to write," he wrote. "I have asked Mr. Derek Jones, Vice-President and Legal Counsel, Corporate and Legal Affairs, to investigate the situation further. He will see that you are contacted shortly. In the meantime, I thank you for your persistence in giving us this second opportunity to respond."

So far, so good. But then Howes received the result of Jones's "investigation" into the matter, on June 21. "Mr. Barrett has asked that we investigate the situation addressed in your letters. Accordingly at this time we feel compelled to decline your offer of assistance. Thank you for having taken the time and trouble to communicate with the bank on this matter."

What gives? Obviously, banks operate on a business basis, not an emotional one. That is why there must be some underlying reason for a profit-making

enterprise to decline Howes's offer to help it recover \$7,000 to which it is entitled. Bank of Montreal spokesmen said that their decision was based on the fact that Howes was unknown to them, and that the bank's own auditing procedures would undoubtedly enable them to find the money—if it existed—without paying any finder's fee or legal fees. But the money is still in an account waiting to be claimed. To the tune of an \$7,000 is a small sum. But a billion-dollar outfit like our bank shivers at such a prospect. \$7,000 is a mere drop in the bucket.

Then again, that is not the way the Bank of Montreal behaved toward 10-year-old Chris Antaya of Mississauga, Ont., when he decided in April to buy a bike. For five years, the boy and his family faithfully put away pennies and dimes—a total of 69¢. When he went to the bank to withdraw his savings, he discovered that only 38¢ was left because \$11 in service charges had been deducted at the rate of a month because the balance was less than \$1000. Deductions had started just 18 months before—even though the bank has a special savings account for children under 16 years of age that exempts them from such charges. But the computer did not know Chris's age and nobody asked him. The bank scooped the piddling amount out of the youngster's account automatically, then gave his father a hard time when he persisted at this injustice before finally agreeing to refund the \$11.

So the bottom line is that the highest authorities at the Bank of Montreal appear uninterested in collecting \$7,000 of the bank's money—but would rather make a point of collecting \$1 a month in undeserved service charges from a child. Am I missing something here? The real reason they wouldn't accept the \$7,000 is that it would make somebody look stupid," Howes surmised, and he is probably right. "Paying me a few cents that somebody else's money has been lost looks far not knowing about it."

Apparently, the bank's adherence to the bottom line is extremely selective, which is why its objections—and those of its competitors—to demands that service charges be scrapped ring hollow. Opposite the bank's conservative proposal for a "no frills" bank account without service charges on deposits, withdrawals and some cheques. As for the Bank of Montreal, I figure it owes Chris Antaya an apology—and the Brothers of the Good Shepherd \$7,000.



JOHN TURNER'S SENATE GAMBLE

John Turner knew that he was gambling with his political future—and he needed time to think things over. During a two-week vacation in early July at the family cottage on the shores of Lake-of-the-Woods, near the Ontario-Manitoba border, Turner spent long hours "chopping wood or just staring out the window," a friend said later. The 56-year-old Liberal leader was wrestling with a decision that could make or break his political career. Since

general election on the issue this fall.

Last Tuesday night, July 13, Turner finally made up his mind to act. Filled by the results of a just-completed secret opinion poll indicating that most voters favoured an election on free trade, Turner summoned a group of Liberal MPs, senators and strategists to Stornoway, his official Ottawa residence. Recalled Turner's principal secretary, Peter Connolly, who was at the meeting: "He [Turner] is everybody and did not interview, but it seemed like his mind



Mulroney, Turner after a month's deliberation, a bold new free trade strategy

early June, he and his closest advisers had been weighing the implications of a bold new strategy to seize the initiative in the fight against Prime Minister Brian Mulroney's neoconservative Canada-U.S. free trade deal. The plan was simple but fraught with risks. Turner would ask the Liberal-dominated Senate to be prepared to stall passage of the trade legislation beyond the Dec. 31 deadline for ratification, leaving Mulroney little choice but to call a

vote. They could have argued all night and nobody could have talked him out of it. The next day, Turner revealed his bold strategy to his parliamentary caucus of 49 and senators in a closed-door meeting at Parliament Hill, then crossed Wellington Street for a hurriedly arranged news conference at the National Press Building. Declared Turner under the glare of television lights: "The Senate is not the issue here. I am the issue. I asked the sena-

tors to do this. I will take that responsibility."

With that statement, Turner drew the battle lines for a federal election that now appears all but certain to be held this fall. And by placing himself at the centre of the free trade debate, Turner clearly put his own leadership on the line. "I think it is an incredible gamble," confessed Manitoba Liberal Leader Sharon Carstairs.

The risks for Turner appear greater in Western Canada and Quebec, where polls show that public support for free trade is strong. Complained a former Quebec Liberal MP who is still active in the party's affairs in that province: "The party's slide in the polls here is scary, and this will only make things worse."

Options: The Liberal leader's manoeuvre left Mulroney with several options. If the Prime Minister wanted to avoid an early election, he could ask Washington to agree to defer putting free trade into force until sometime after the previously arranged date of Jan. 1, 1989. Some constitutional authorities say that he could also use his executive power to make the trade deal final without the approval of Parliament. But both of those courses carried the risk of making Mulroney appear frightened to face the electorate. For those reasons, most analysts expected that the Prime Minister will dissolve Parliament and go to the polls in mid-to-late October.

Said Tory Senator Lowell Murray: "Turner's use of the Senate is the perfect argument we needed to win another majority government. We will be able to say to the voters, 'Speak up and speak strongly, because only a strong majority will get the deal through.'"

Indeed, with recent public opinion polls showing the Tories steadily gaining ground as the Liberals—a Gallup poll in early July put the Liberals at 37 per cent of decided voters, compared with 35 per cent for the Tories and 27 per cent for the New Democrats—Tories were already laying plans for a fall election under a similar party strategy. (at it. "The only problem was that Mulroney was under intense pressure from the business community to get the deal passed by Parliament before going to the polls. Now, Turner has let him off the hook."

In the House of Commons, Mulroney moved quickly to try to turn the Libe-



Senate chamber, with Liberal domination, a weapon against free trade and an election challenge to the Conservatives

ral strategy to his advantage. Speaking less than two hours after Turner's announcement on Wednesday, the Prime Minister said, "The leader of the Liberal party has asked the Senate of Canada, a bunch of appointed people, to hijack the most fundamental rights of the Canadian House of Commons." Mulroney also implied that Turner was guilty of hypocrisy, drawing attention to the Liberal leader's longstanding record as an advocate of the supremacy of the House of Commons over the Senate.

Validity: Mulroney was not alone in questioning the validity of Turner's challenge. Constitutional experts generally agreed that it was perfectly legal, but some said that it contravened Parliament's unwritten conventions (page 16). And NDP Leader Ed Broadbent condemned the approach. "Mr. Turner has clearly decided the end does justify the means and is prepared to abandon democracy."

Despite that, some Tory strategists said it was unlikely that Turner's an-

ti-orthodox use of the Senate would arouse much public opposition. Said Conservative party president William Jarvis: "I think we can always talk about the Senate, but it would never be the number 1 issue. If we did try to use it like that, we would be forced to say what we would do in terms of Senate reform." Moreover, the Tories have subconsciously sought to avoid turning the next election into a single-issue campaign by pointing to what they say is a broad record of achievement. Insisted Murray: "Free trade is bound to be central but it will not be the only issue in the campaign. We do not want this to distract us from the overriding issue, which is our record."

In addition, some observers said that Turner's bold stroke would help to counteract his reputation as a weak and indecisive leader. Said Saskatchewan provincial Liberal party leader Ralph Goodale: "He has demonstrated that he is in charge of events, rather than the other way around." And Turner's move to usurp

leadership of the anti-free-trade forces clearly unsettled some New Democrats, whose party strongly opposes the agreement. Said Regina West New Democrat MP Leslie Benjamin: "It puts the fear in a lot of a box, all right."

Surprise: Although Turner's announcement took the Tories and even most Liberals outside the caucus by surprise, it was the culmination of weeks of consultation with a select group of key advisers. Connolly, for one, said that Turner first broached the idea with him in the back seat of a chauffeur-driven car early in May as their way back to Ottawa after Turner had delivered a speech. "It was late at night and we were both tired," said Connolly, whose father, John Connolly, was a Liberal senator from 1952 until 1988. "He was worried. He kept saying that if he became prime minister, he would be better off facing a new U.S. administration if the trade deal was not already in place." One way of avoiding

that, Turner suggested, was to call the Senate to a vote in May. To call an election before the deal became law. Said Connolly: "I was against the idea at first. I told him that the last God decreed thing we could ever do was to have the Senate block it and let the Senate become the issue."

Idea: But Turner did not let the idea drop. In an interview with *Maclean's* last week, the Liberal leader said that he sent instructions to the party's strategy committee, led by Senator Michael Kirby, in early June to consider ways of responding to the Tories' free trade legislation. Said Turner: "I asked Senator Kirby and the Liberal strategy committee to run through some options, including this one" (page 14). Kirby and Connolly later wrote a memo outlining advantages and disadvantages of Turner's suggested use of the Senate and sent it to the leader at his Lake-of-the-Woods retreat early in July. Said Kirby: "I think Turner was the architect of his own strategy." He added: "There was no denying Turner's deep conviction opposing this deal. The trick was to find a strategy to match it."

But last week, one member of the strategy committee complained some aspects of Turner's version of events. Speaking on condition that he not be identified, he said that although a few members of the strategy committee knew about the plan before last week, most of the others did not. He added that Turner decided to proceed with the plan only after Mulroney told reporters following a Tory strategy session at Moose Lake on July 16 that he intended to go ahead with his government's legislative agenda and that it was too early to consider an election. Said the Liberal adviser: "We had always assumed that there would be an election before the treaty was through, so we never had to contemplate this. Mulroney changed that with his statement at Moose Lake."

Reservations: It has also become clear that as Turner took his Liberals into his confidence, some reservations were expressed. "A number of people tried to talk him out of it, but the boss was hot to trot," a Turner aide confided. "His mood was made up." Among those who expressed reservations, Mulroney has learned, were Liberal caucus chair-

man Brian Tobin and national campaign co-chairman André Gauthier. But, said Senator Alexander Graham, the latter campaign co-chairman: "When the leader comes with an mind set and fire in his belly, you do not turn him off."

Still, the recent downturn in his party's standing in Quebec public opinion troubled Turner. The July Gallup poll had shown the Tories gaining popularity in that province at the expense of both the Liberals and the New Democratic Party. "The leader said that be-

fore, 70 per cent of those sampled said that they wanted a chance to vote on the agreement before it became law. And even among Tories, 80 per cent favored an election on the agreement."

Turner set the poll results last Tuesday morning. And at the Stornoway meeting that night, he told about a dozen senior Liberals—including Senate House leader Allan Rock—about his decision. Turner's advisers had also prepared a 25-page internal document that provided detailed responses to a long list of questions that critics of the strategy might raise. "Obviously, we stand John Turner has taken on this issue is not without some risks," said the document. But, it added, "It is more important that Canadians get to vote on this issue than it is that John Turner worry about being embarrassed or that he worry about what people will say about him."

Premiere: In his telephone calls the following morning, Turner revealed his plan to the four Liberal premiers: Quebec's Robert Bourassa, Ontario's David Peterson, New Brunswick's Frank McKenna and Prince Edward Island's Joseph Ghis. McKenna, who along with Bourassa is a strong supporter of free trade with the United States, later told reporters: "I asked him if he was looking for my advice, and he said, 'No, not really.' So I did not give him any advice. He is the cabinet leader and has his own sense of strategy. I have none." Neither Turner nor Bourassa would discuss their conversation. But Raymond Giesema, Turner's Quebec lieutenant, said that he, too, had spoken to the premier. "Mr. Bourassa assured me that he would not get involved in the next federal election."

Then, at the Wednesday caucus meeting, at least five Liberal MPs and senators spoke out against Turner's plan. "It is madness. It is crazy," one of the MPs, a Turner supporter, later told *Maclean's*. "The problem is that Turner follows everybody else's advice. His advisers told him that he had to do this because he had an image of being intrusive, looked, what this has done is put Turner on the defensive. It looks as though we are following the premier's speech—that the polls showed things were worsening for the Tories and that we got shocked." Turner, however, was adamant that the strategy was essential to pertain the Liberals as leading the fight against free trade. And the meeting ended with

what one participant described as a "roaring gongoli" from the caucus. Before leaving, Turner reportedly declared, "If I am going to do this, I just hope you are with me when the going gets tough—not just today."

Turner was to embark this week on a hectic two-week blitz of Ontario, Quebec, New Brunswick, Nova Scotia and Northern Ontario. Before leaving Ottawa, he insisted that his party was primed for an election. "We have the funds, we have the candidates, we have the policies, we have the platform, we have the will." But privately, some Liberals remained troubled about the party's prospects. One Turner confidant, who opposed the decision to call upon the Senate to delay the free trade legislation, said that he doubted the party could do better than form a minority government. A Liberal MP also told *Maclean's* that internal party forecasts suggested that the Tories are poised to ouster the Liberals in popular support. He added, "The longer it goes, the worse it looks for us."

But while the Liberals quietly debated the merits of an early election, the To-

ries still had unfinished business in Ottawa. Last week, deputy Conservative House Leader Douglas Lewis said that the government's priority is to debate a resolution on abortion. In addition, the Tories want the Commons to give third and final reading to a number of key

legislation in a brief summer vacation. Tory party president Jarvis, for one, spent the weekend at his rustic log cabin in Lake Huron, near the town of Orillia, where he was getting an early start on chores he normally would do in the fall. Said Jarvis: "I am putting



MacKenzie: a careful strategy session at Stornoway



Connolly (left); Kirby: "There was no denying Turner's deep conviction opposing this deal"

ries. Apart from the trade legislation, they included measures to improve day care services, reform the income tax system and update the law governing Canadian broadcasting.

That hectic schedule did not prevent several senior Tories from trying to

in the winter session." With a fall election apparently looming, Jarvis's labors seemed to make eminent sense.

—ROSS LAYTON AND FRANK WALLACE
with HELEN MACKENZIE in Ottawa and
unpublished reports

THE NEXT ABORTION DEBATE

Still pondering the consequences of last week's free trade drama, Mrs. Lewis returns to the Commons this week to face what promised to be a heated debate over abortion. Last January, leaving after most of them had left Ottawa for their ridings, Deputy House

Speaker Lewis told a 24-line motion that, if adopted, would make it difficult for women in late-stage pregnancy to obtain an abortion. As well, the motion would require women seeking an abortion in the early stages to consult a doctor that their mental or physical well-being was threatened. That set the stage for a vigorous debate, followed by a referendum in which Mrs. Lewis would vote

according to their consciences.

But that will do nothing to fill the legal vacuum that has existed since the Supreme Court struck down the abortion law last January, leaving Canadians with a legislative dangling specifically with the controversial abortion. The motion does not state the terms of the vote.

But advocates of freedom of choice on the abortion issue said they are as busy for new legislation. Said Norma Benbow, president of the Canadian Abortion Rights Action League: "The longer we go without legislation, the better we can show that there is no choice as a result of the Supreme Court decision." It was a view that would provide small comfort to Mrs. Lewis, who has to decide where to stand on a voting matter.

But as the debate on the abortion issue was set to begin, Mrs. Lewis was in Ottawa for a brief summer vacation. Tory party president Jarvis, for one, spent the weekend at his rustic log cabin in Lake Huron, near the town of Orillia, where he was getting an early start on chores he normally would do in the fall. Said Jarvis: "I am putting

in the winter session." With a fall election apparently looming, Jarvis's labors seemed to make eminent sense.

—ROSS LAYTON AND FRANK WALLACE
with HELEN MACKENZIE in Ottawa and
unpublished reports



Lewis: legal vacuum



Turner: Mulroney sold the shop; the Americans took him to the cleaners

'THE PEOPLE SHOULD DECIDE'

John Turner bemoaned his long goodbye on Wednesday, July 20. Immediately he was at the centre of a political whirlwind as *Opposition* and the nation debated his order to the Liberal majority in the Senate: delay the government's free trade legislation so that Canadians have a chance to vote on the issue in a general election. When Mulroney's adviser told him late last day, Turner was dishevelled, but he seemed to be enjoying the attention that he had created. Stopping by a window of houses and returning from time to time to a small framed copy of the free trade agreement, he spoke with Ottawa Bureau Chief Ron Carter.

Maclean's: Should the Senate, an appointed body, have the right to obstruct the will of the elected House?

Turner: There are precedents for this in Canadian history. Whether I'm right or wrong, Canadians will judge. Look, I wrote a book on the Senate—its irrelevance there in 1968. In it, I recommended that the Senate be abolished, and those words are forever locked in stone. But I know what I'm talking about. There are a number of cases where the Senate has

delayed a measure sufficiently for the government to be forced to go back to the government. And in effect, in fact, the government has failed to get that authority.

Maclean's: So the Senate is not an issue?

Turner: I'm saying that the trade issue outranks the Senate issue. Besides, all the Senate is doing is giving the people an opportunity to decide. If that is anti-democratic, I do not understand why. **Maclean's:** You have said that you have the support of the Liberal caucus. But surely some members had serious concerns about your strategy, even if they agreed to keep quiet.

Turner: I'm saying there was a consensus. Everyone was given an opportunity to express his or her view. To my knowledge, everyone has accepted the leader's position.

Maclean's: But you also know that if you lose the election, your leadership will be on the line.

Turner: Well, I feel pretty good. **Maclean's:** If you do become prime minister and lose up the trade deal, what alternative can you offer to avoid Canadian from U.S. protectionism?

Turner: I would not tie to American friends that they took any protection to the shelves but that new on how to look at the situation is a different way. We have always done better with the US multilaterally, in international negotiations. We have no quarrel with lowering tariffs. Liberal administrations since the war lowered tariffs from an average of 40 per cent to four per cent and ensured that 80 per cent of our exports entered the US free of tariffs. But for that remaining 20 per cent, Mr. Mulroney said the shop. He gave some control of energy, investment, capital markets, agricultural strategy, our future cultural industries and our social programs. The only purpose was to get secure access to American markets, and he didn't get it.

Maclean's: No considered this strategy for two weeks before deciding to do it. Does that imply that you had serious doubts about it?

Turner: I was seeking advice from a number of people. I asked Senator Michael Ruking and the Liberal strategy committee to run through some options, including this one. The downside, of course, is that the Prime Minister will attempt to make the Senate the same. I think the fundamental issue is that the people should decide on an issue of this magnitude. It is that simple.

Maclean's: If the Tories win a minority in the next election, will you remain as Liberal leader?

Turner: It would be up to the party to decide, but I would be content to continue. And I will tell you why. If the Tories do not get a majority, they probably will not stay around for very long.

Maclean's: And if the Tories win a majority?

Turner: That is an academic question which I do not think will be realized. **Maclean's:** Do you think that many voters will consider that this was an act of desperation on your part, an attempt to force an election while you still held a narrow lead in the polls?

Turner: I do not govern my life by polls. The issue is far more important than any particular opinion poll. I will be quite happy to go down on January 31 and let the Canadian people decide on the opportunity to decide on this fundamental issue of autonomy and sovereignty and independence. And I am also confident that if I am given the opportunity to take that document across the country in a general election, most Canadians will agree with me that we should never have signed it.

Maclean's: The question some Liberals are asking is whether you have the stomach to lead them in that fight.

Turner: Give me an issue of that magnitude and I will have the stomach for it. This issue makes my whole reason to public life worth while for me. □

TAKING SIDES ON THE ISSUE

Free trade in recent Canadian political history has sparked as much ideological debate as John Turner's free trade initiative did last week. Within hours of the Liberal leader's July 20 announcement that the Senate would delay passage of the government's free trade legislation until a federal election is called on the issue, prominent Canadians were publicly taking sides. Businessmen, academics, politicians and union organizers contacted by *Maclean's* had strong—and widely differing—views on the merits of Turner's gambit. Some of the comments:

Free trade advocate Michael Walker, executive director of the Fraser Institute, a conservative Vancouver-based think-tank: "It is strange that Turner would do this because it is an election that he cannot win. By telling Liberal senators to block the free trade bill, he is trapping the issue of Senate reform in the open. I think it is more than fair."

Jack Munro, Vancouver-based president of the International Woodworkers of America and a free trade supporter: "I lean toward the fact that the Senate should not be used to block the elected representatives. But as free traders, I think that the Conservatives should let us have a God-damned vote."

Donald Guffy, Conservative premier of Alberta and a strong proponent of both the free trade deal and Senate reform: "It is typical of the way the Liberal party has treated the West. They were the instigators of the National Energy Program—it devastated our province. Now with free trade, we have a new economic thrust that favors Alberta, and the Liberals are using Pierre Elliott Trudeau's appointed Senate to block it. I think it is the ultimate slap at Western Canada by the Liberal party, and I hope the people of Alberta react strongly."

Neil Hurst, owner of Edmonton-based Hartley Publishers Ltd and an ardent free

trade for "What Mr. Turner is doing is very risky. But I was delighted—no, outraged. I would prefer it to have been done via the House of Commons, but the instruments were not available."

Simon de Jong, New Democratic Party MP for Regina East, whose party opposes



Guffy: We ultimately slip at the West by the Liberals

the free trade bill: "It's not going to fly in the West."

University of Toronto historian Michael Bliss, an outspoken free trade supporter: "It is deplorable. The leader of the opposition is going to tell us what means are important enough to have an election on. It is profoundly undemocratic. It really is the old Liberal argument that even when we have thought we had won, then when we were asked to go back."

Robert Scumason, Liberal premier of Quebec and an ally of Prime Minister Brian

Mulroney in the campaign to promote free trade: "If at last, best a question of Month Lake, I would be interesting that I don't see a reason to break the tradition of noninterference which Quebec observes in federal campaigns."

Jan Bondi, Quebec Liberal Party president: "I find it a little difficult to follow what Mr. Turner wants to do on free trade questions. First he said he wanted to hear up the agreement. Now he says he wants to hear what the people of Canada want before he tears it up."

Historian George Grant, professor emeritus at Dalhousie University: "I am not in favor of too great an alliance with the United States, but in the Canadian form of government the House of Commons rules. The Senate does not have the right to delay things indefinitely. I really think we need to reform our Senate."

Archibald MacLennan, senior vice-president of Florenceville, N.B.-based McCain Foods Ltd., a former federal Conservative candidate and opponent of the free trade agreement: "John Turner is doing the only thing that he can do, and if Brian Mulroney were in his shoes he would do exactly the same. The Conservative decision not to pay attention to the facts. The free trade deal is a disaster to agriculture in a disaster."

Robert Shaw, vice-president of Halifax-based National Sea Products Ltd. and a free trade supporter: "I think it is an inappropriate use of the Senate. I say this as someone who was an active Liberal for nine years. My feeling is that Turner is playing into the hands of Mr. Mulroney."

Paul Bagnato, Hotel and Restaurant Employees' Union organizer and spokesman for the June 20, 1990, month Coalition Against Free Trade: "I applaud Turner for what he did. There is nothing unconstitutional about it." □

THE CHAMBER WITH A PAST

I was a single bill with five brief clauses—but it provoked an arduous parliamentary cruise over Canada's role in the British Empire. In December, 1912, as war loomed in Europe, Conservative Prime Minister Borden introduced the Naval Aid Bill, asking for an emergency credit of \$25 million to build three Dreadnought battleships for Britain's Royal Navy. Liberal Leader Sir Wilfrid Laurier countered that the contributions did not express the "opinion of the Canadian people"—and he called instead for the construction of two fleets on Canada's Pacific and Atlantic coasts. After four months of acrimonious debate, Borden avoided closure, pushing the bill through its final Commons reading on May 15. But the Liberal-dominated Senate quickly returned it, with a curt message. "This House is not justified in giving its assent to the bill until it is submitted to the judgement of the country."

Reforms That remarkable episode vividly illustrates the power of the Senate to affect government legislation—a power which has provoked many prime ministers to threaten Senate reform. Indeed, the Senate has consistently delayed, amended or flatly rejected House of Commons bills since Confederation in 1867. And last week, constitutional scholars generally agreed that Liberal leader Jean Chrétien lost the legal right when he directed the Liberal majority in the Senate to delay enabling legislation for the Canada-United States free trade agreement. And, the authorities added, the Senate has the right to delay the bill past its Jan. 1, 1993, deadline. But those experts disagree over whether crucial questions about the delay of such vital legislation violate constitutional convention, the unwritten traditions governing the conduct of a constitutional monarchy.

The Senate last defeated a House of Commons bill on April 20, 1992, when it flatly rejected an amendment to the Farmers' Creditors Arrangement Act, which extended the time limit for farmers to apply for federal aid. But the Senate has employed a variety of other procedural methods to block legislation. From 1900 to 1994, it bills that the Commons sent on to the Senate failed to receive royal assent. Deliberate procedural delays killed some bills. But in other cases the Senate forced the government to back down. In 1961, when the Conservative government introduced legislation to fix

Bank of Canada governor James Coyne, the Senate endorsed a backing-out motion that recommended the Senate should not proceed with the legislation. That same day, Coyne resigned, and the government withdrew the bill. Governments have also had to

Indefatigable in 1982. And he did not focus on the same during the 1994 election campaign. Declared Curdies, "If there is a convention which should be pretty strong, it is that you do not do things that are diametrically opposed to what you said you were going to do when you got elected."



Borden: a Senate revolt to a government request for battleships for Britain

withdraw legislation because Senate amendments distorted the original intent. University of Toronto historian Daunted Martin cited the Senate's action throughout the 1950s when it cut provisions out of House of Commons legislation that would have granted mass funds to pensioners. But the 1958 naval aid bill, which Borden eventually withdrew, is the closest parallel to Turner's action. Indeed, senior Eugene Parry, an expert on parliamentary procedure, argues that the precedent allows Turner to "legislate say." The same thing was done in connection with the Borden naval bill and should be done this time. And,

Reform Another U. of T. historian, Martin Curdies, said that Prime Minister Brian Mulroney's own record marked Turner's one stronger Mulroney approved free trade during his successful campaign for the Conservative party

In retrospect, other constitutional experts argued that it is highly appropriate for a unelected body to delay such vital legislation. Declared University of Victoria political scientist, Terence Morley, "This tactic is constitutionally appropriate—it goes to the heart of responsible government." Added York University historian Jack Granatstein, "The convention is that the Senate rubber-stamps the bills for the House."

Still, the experts generally agreed that if there is an election this year and Mulroney is re-elected with a majority government, the Senate will have to pass the free trade bill. And, whatever the outcome, Turner's tactic has taken its controversial place in the annals of parliamentary procedure.

—MARY JANKIN with HELARY MACDONALD
in Ottawa and GREGORY ROYCE in Vancouver



The Airbus A-320, Jeannot (below) a record \$1.6-billion order for 34 aircraft

A new Air Canada fleet

The decision ended a year of furor behind-the-scenes lobbying of members of Parliament, cabinet ministers and airline officials. Last week, Air Canada president Pierre Jeannot announced that the company would spend \$1.6 billion for 34 Boeing-built A-320 Airbus passenger jets to re-equip its aged fleet of medium-range Boeing 727s. Seated at a boardroom table in the third floor of Place Air Canada on Montreal's downtown Blvd. Lévesque Boulevard, Jeannot read a five-minute statement on July 16, confirming the Crown corporation to its first purchase of planes from outside the United States since the late 1950s, when it bought British-made turboprop Viscounts and Canadairs. The agreement with the manufacturer—Airbus Industrie of Toulouse, France, a French-German-Spanish-British consortium—also was the biggest for civil aircraft in Canadian history.

Jeannot's announcement climaxed months of political maneuvering in Ottawa and vigorous salesmanship by Airbus Industrie and two U.S. rivals for the contract, the Boeing Co. of Seattle and McDonnell Douglas Corp. of St. Louis. Both Boeing, maker of the 727-400, and McDonnell Douglas whose contender was the 80-80, said that their planes are cheaper than the 177-passenger, 500 m.p.h. A-320, although they conceded that the European entry has more sophisticated technology. The A-320 offers more benefits or economies than any other commercial aircraft and uses less fuel than its

rivals do. The American company also said that their bids would have provided work for Canadian plants—the Airbus deal involves none—but gave no details. The competition for the Air Canada contract was reminiscent of the fight between McDonnell Douglas and General Dynamics Corp. to re-equip the Canadian Armed Forces with jet fighters—which McDonnell Douglas finally won with the CF-18 in 1980. Jobs for Canadians were an issue in those negotiations, but foreign policy figured prominently when Air Canada went shopping. Opposition critics in Parliament had urged the airline to hold off on any agreement with Airbus until Ottawa settled its row with France over east coast fishing rights.

Last January, deputy prime minister Donald Manors warned the



minister, complaining of unfair competition and pointing to the possible economic benefits for Boeing plants in Winnipeg and Amherst, Ont., if Air Canada opted for the 727-400. Jeannot, however, negotiated with Boeing's frenetic Ottawa lobby, and, according to an airline executive who was present at the time, planned a Boeing official last May is rumored the company. "Last week, we had bought four of its medium-range 767s last year, that it was considering the purchase of three more and to 'tag off.'" Said the official, "He could not believe how greedy Boeing was before." Last week, however, Jeannot even Denis Contour said, "The airline was not influenced by the government in this decision."

At his news conference, Jeannot used that he had no recollections about the decision. He said that an A-320 on June 26 during an air show in France, which killed three of the 126 passengers aboard. Said Jeannot: "We are satisfied that the plane is safe." Delivery of the order will begin in March, 1993, and be completed some time in 1993. Maintenance will take place in Winnipeg, where Air Canada has about 450 workers, and in Montreal, where there are 4,000, although Jeannot said that there will probably be no job increases at either location. Neither, he added, are job losses likely at the Canadian plants of Boeing and McDonnell Douglas. Said Jeannot, "Both have had very healthy orders recently."

—SARAH KROSSLER with
LISA VAN TRONEN in Montreal



Atlanta convenor: a production so dirty orchestrated that some delegates complained that they felt like props

WORLD

Candidate from suburbia



The images were both shrewd and contradictory. For four nights, the Hollywood producers of last week's Democratic national convention photographed their \$2.5-million extravaganza with all the slickness of a prime-time television variety show. On the futuristic stage that dominated Atlanta's crowded Omni Coliseum, a succession of stars lent a glittering sheen to gloss to the old standards of American patriotism: Garrison Keillor, author of *Lake Wobegon Days*, led off the festivities with a dozen schoolchildren in a show-stopping version of the Pledge of Allegiance. And Broadway singer Jennifer Holliday belted out a rousing pop rendition of *God Bless America* as recently squabbling party leaders—including runner-up candidate Jesse Jackson—gathered onstage for a happening tableau of unity and healing.

So deftly was the production orchestrated that some of the 4,000 delegates complained that they felt like props. And in a way they were. For the specta-

cle was aimed not at the sweltering Democrats in the convention hall but at millions of television viewers across the nation. And the show's glitz paradoxically celebrated a quality in its star-nominee Michael Dukakis—that party officials are gambling will be embraced by those Middle American TV spectators: his suburban ordinariness.

Indeed, despite the fact that Dukakis gave the most dynastic speech of his political career—a ringing pledge to lead the nation toward "the next American frontier," punctuated by 101 bursts of applause—convention organizers went out of their way to underline the candidate's lack of glamor in a long-extended recounting of his life. Arkansas Gov. Bill Clinton hailed Dukakis as "a guy who knows his yard with a hand-powdered nose and who's so clean he squeaks when he walks—the kind of man who plays it straight, keeps his word and pays his bills." And the now-famous actress cousin, Olympia Dukakis—whose of an Academy Award last spring for her role in *Moonstruck*—narrated a video biography that provided a

filmy home-movie tour of his roots in the comfortable Boston suburb of Brookline.

Behind those portraits lay not only the convention's theme but also the Democrats' strategy for the national election campaign: by depicting Dukakis as a suburban Everyman—concerned about housing, health care and education—the party is attempting to lure back the key block of Middle American swing voters who defected in the last two presidential ballots to vote for Ronald Reagan.

In targeting those so-called Reagan Democrats—who make up an estimated nine per cent of the electorate—Dukakis is courting a group that both parties agree could decide who wins the White House on Nov. 3. Stud Low Aikwater, campaign manager for Vice-President George Bush: "This is the pivotal group in the election."

But so far in the contest for their affections, the Democrats appear to have an edge. According to a party poll released by the Democratic Congressional Campaign Committee last week, Reagan Democrats in 38 southern and

industrial states preferred Dukakis over Bush by a margin of 30 per cent to 28 per cent. And Democratic strategist Robert Beckel: "He has a chance to lay claim to the middle class again." At the heart of what *The Wall Street Journal* called "the suburbanization" of the party is the character of the nominee himself. Stud Stephen Hess, a

senior young Dukakis—agreed with his reputation to be exemplified by the full election trail "70 work for Dukakis, but there's no enthusiasm," he said. "It's a real day for all of us progressives. There's no place else for us to go right now."

Last week, one of the most surprising defenders of the new suburbanization



Dukakis, with Kitty, accepting nomination: 'a strategy in keeping with his people'

presidential scholar with Washington's Brookings Institution: "It's a strategy that's in keeping with his psyche—as much as we know about it. It's a good fit." Agreed Democratic pollster Paul Winkler: "The margin of difference in this election may be in the suburbs of Houston and the suburbs of Los Angeles. It's interesting that you now have a candidate from the suburbs. George Bush is the man-of-house candidate. But Dukakis is a true suburban candidate."

In many liberal Democrats, the party's new middle-class image represents a disturbing betrayal of its traditional left-of-center, working-class base. One 20-year-old convention worker—who had campaigned for former candidate Gary Hart, Paul Simon and Jesse Jack-

son former radical Ben Hayden, now a California assemblyman, better known as Jane Fonda's husband: "Ben Hayden 'Suburban voters are very important to the party's future. They represent the success of an earlier generation of Democrats. We don't want to lose people just because they got successful.'"

The new direction—as well as the seamless tone of the convention itself—represents the triumph of moderate Democrats, still worried by the enormity of the 1984 40-state defeat of the party's 1984 nominee, Walter Mondale. They have spent the past four years nudging their party toward the centre, away from the fractious collection of special-interest groups that Mondale came to symbolize.

The motive is sheer necessity. An

urban membership has plummeted and union membership, too, has declined in recent years. Democratic loyalists have dwindled to only 40 per cent of the electorate. Moderate Democrats argued that the party couldn't expand by appealing to conservatives, whose middle-class and northern ethnic voters were attracted by Reagan's elevation of free enterprise and a muscular defense.

In fact, most of the architects of that new moderation had shown a distinct lack of enthusiasm for Dukakis, whom they regarded as a northeastern liberal. But after their dream candidate, Georgia Senator Sam Nunn, a military hawk, declined to run, Dukakis gradually won them over with his shrewd campaign. Then Nunn bestowed him the symbolic blessing on the party's purposely vague defense platform in a speech to the convention designed to reassure his conservative southern base.

Dukakis's reputation as a fiscal conservative and his refusal to be tied to specific plank in the party's economic platform was over other southern middle-of-the-road concerns. Georgia House Speaker Tom Murphy—a self-described ultraconservative—had threatened not even to attend the convention because of his disenchantment with a northeastern liberal nominee, but, instead, he showed up to salute Dukakis for balancing the Massachusetts budget on the weekend before the governor arrived in Atlanta.

Democratic officials also report that the party's retold image has prompted swelling endorsements and Fortune 500 corporations to flood party coffers with more donations than ever before. Last week, buoyed by Dukakis's choice of Senate finance chairman Lloyd Bentsen as his running mate—a clear nod to the business community—more than 350 donors agreed to raise \$100,000 each for the campaign. And Paul Begala, a communications director for one of the party's corporate finance committees: "Dukakis doesn't represent a threat to business. They know what he's done in Massachusetts and they don't view him as an adversary."

The strategy of pursuing Reagan Democrats is not without its risks. In aiming its appeal at middle-class voters, the party could alienate its blue-collar faithful. Admitted former Virginia governor Charles Robb, one of the architects of the party's "new" policy: "There's a significant concern as the part of some people who have been loyal. But the fact is that you cannot get an electoral majority with 40 per cent of the population."

In the end, it is the labor leaders—who have watched their members flock to Reagan over recent years—quietly sup-

port the new shift. And to some economists, one of this year's most startling developments was the low-profile role adopted by unions—despite the presence of the largest labor dispute in history. Said one party organizer from New York: "In 1984, all you saw was union delegates with their beards looking up all the noise. This year, they are all back in powerhouses."

Labor's lower profile is no accident. As Bruce Lasker, international president of the Aluminum, Brick and Glass Workers' Union put it: "The change in labor's role is because of what happened to Walter Mondale. There was a firing labor case out prominently for him and he was indicted out of the water."

This year, the unions, the national union federation, refused to endorse any candidate during the primaries. And after the Reagan administration vetoed Congress's protectionist anti-trade bill and legislation to give workers a 60-day notice before a plant closing, most unions are urging their members back to the Democratic fold.

Racially discreet were feminist groups, whose influence was a factor in Mondale's choice of former New York Representative Geraldine Ferraro as his running mate in 1984—a gesture some critics blamed for his loss. There was not a single woman on Dukakis's vice-presidential shortlist. As well, the platform did not mention the inflammatory word "abortion," but called instead for "freedom of reproductive choice." But Eleanor Smeal, president of the National Organization for Women, insisted, "You don't get too concerned on that kind of thing. We're still got a strong platform."

For Dukakis, convention work in Atlanta started on an ominous note. Many Jackson supporters believed that Dukakis intentionally snubbed their candidate by failing to notify the black leader about the choice of Beanes before it became public. Said different Representative Charles Hayes: "I think the convention of the Democratic party said, 'We're just going to reach out to win back some of those so-called blue-state and we don't have to worry about Jesse.' It turns, Jackson let it be known that he's dinner at the governor's Brookline house on July 1 had been 'a disaster.'"

Finally, realizing that Jackson's bruised feelings could explode his election strategy, Dukakis organized a breakfast meeting in his 13th-floor hotel suite that lasted 2½ hours. When the two men emerged with Beanes for a key show of unity, there were only seven hours left before the convention was called to order. Beanes played an unexpected role in the negotiations—often stepping in to translate Jackson's concern and the intricacies of southern politics to the central governor.

As a result of the deal that they hammered out, Jackson will play a major role in the fall campaign, complete with funds for a chartered airplane that he also was a handful of influential posts.

And he graciously moved that Dukakis's nomination be achieved unanimously. Indeed, his own power was confirmed in the symbolism of his seating during Dukakis's 40-minute speech. Jackson took his place beside former president Jimmy Carter as a vice host reserved for the party's hierarchy.

Dukakis said his own final act turn in the convention spotlight to try to cross these doubts and issue a rallying cry to higher moral ground. Confident and expansive—his open brainstorming with a rare public glimpse of tears as he mentioned his late father—he talked of the politics of inclusion and the emboldening skills of economic justice for all and selfish public service that trans-



Jackson after his speech, son Jesse (far left) with Jesse Jr. a triumph for moderate Democrats

ported political ideas. "This election isn't about ideology," he said. "It's about competence."

That message was clearly aimed at Reagan Democrats. But one of them among the audience in Atlanta was not impressed. William Glasser—a Florida telephone technician working at the convention—shares many of the middle-class worries about economic vulnerability that Dukakis touched on in his speech, including his concern that new jobs for these married men can afford their own homes. But Glasser said that he still had not decided to return to the Democratic fold. "I'm not making up my mind yet," he said. "I have to hear what George Bush has to say first."

—NANCY MACDONALD in Atlanta

Famous names, new faces



For a political party attempting to redefine its glory days of the early 1960s while luring the youngest of today's voters to its ranks, the symbolism was perfect. At a fund-raising party during last week's Democratic national convention, Massachusetts congressman Joseph Kennedy III, 30, one of the late senator and presidential candidate Robert F. Kennedy, put his arm around 30-year-old Martin Luther King II, heir of the slain black civil-right

leader. The Jackson children spoke briefly. Their message was not just moral praise for their father. Instead, they used the spotlight to appeal to young voters to rally to the Democratic ticket. Said Jesse Jackson Jr., a 33-year-old newspaper worker for his father: "Those that say this is an age of cynicism and despair are wrong. A new generation—my generation—is coming."

Like the Jackson clan, Michael Dukakis's three children have also shared campaign tasks. It is a stark contrast to the Democratic 1984 campaign when



Jackson's children Gerald, Janet (center) and Jonathan, overcoming apathy

leader. Above them on a giant television screen flashed several images of their ill-fated fathers, who were both killed only months apart by assassin bullets 20 years ago.

That generational theme recurred throughout the four-day convention in Atlanta. Most Americans recall John F. Kennedy Jr. as a toddler saluting his father's funeral procession in 1963. Last Tuesday night, he was back in the public eye as a 20-year-old law student who introduced a speech by his uncle, Senator Edward Kennedy, to the convention crowd. And to introduce Jesse Jackson's powerful address to the delegates, all five of

presidential candidate Walter Mondale's family played a relatively minor role. The emerging prominence of young Democrats with famous names also comes at a crucial time: President Ronald Reagan scored highly among the 72 million American baby-boom voters—those born between 1946 and 1964—in the elections of 1980 and 1984.

The Democrats are determined to reverse that trend. The majority of potential U.S. voters are under the age of 45. As 45 Edward Ballins, a Republican consultant and former White House political drafter, acknowledged that the Democrats could capture the majority of these voters

Said Ballins: "They aren't committed to our cause unless we have an appeal to them. The younger Democrats, the new Democrats, could have a real appeal."

Like many young Democrats, Jonathan Newman, a volunteer for the Democratic National Committee at last week's convention, believes that the main challenge in attracting younger voters to the party is overcoming apathy, not Republican soundbites. Some Democratic youth say that they are up to redefine the idealism of young Democrats that dissipated after the 1968 assassinations of King and Kennedy, and the alienation of progressive young people at the party's convention that year in Chicago. "The biggest problem is that most of my classmates are apathetic," said Newman, 36, a recent MBA graduate of Harvard's elite business school. "In the cafeteria, you don't see people reading newspapers or talking about the news."

A major factor in reversing that apathy may be Jackson's flamboyant, although unsuccessful, bid for the party nomination. His dramatic speaking style and idealistic platform, according to many analysts, have already attracted many young converts to the Democrats. Other active campaign roles are those of Jesse Jackson Jr., a recent graduate of North Carolina Agricultural and Technical State University, and John Dukakis, the middle child of the late senator, who was an aide to Massachusetts Senator John Kerry before leaving to work as the Dukakis campaign. Said Ed Fry, president of the 200,000-member Young Democrats of America: "Attractive, articulate, energetic people like Jesse Jackson Jr. have to encourage others to become involved."

But Fry contends that teens are playing a role as well as personalities. He said the outreach by the Reagan administration in education and programs are making a university education financially difficult for even middle-class students. And older members of the so-called young party, Fry said, are frustrated by such young costs and eroded public services.

The Dukakis family members are sure to promote these and other issues in the coming months. But convention volunteer Newman, for all doubts that the New Election will spark a new political movement among the young. "What they really need to do is restore respect for elected and appointed officials," said Newman, who is Jewish like his father's people. "He finds the candidate uninspiring. He concluded 'Until the party does a better job of supporting people interested in public service rather than private aggrandizement, younger voters are going to remain skeptical.'"

—IAN MINTEN in Atlanta

John Kennedy Jr. speaks



Giving peace a chance

The letter signed by Iranian President Hajj Hassan Ali Khomeini and delivered to United Nations Secretary General Javier Pérez de Cuellar, caught the world off guard. Last week, Iran announced that it was willing to accept the terms of UN Security Council Resolution 598, which calls for an end to the eight-year-old Persian Gulf war between Iran and neighboring Iraq that has claimed more than one million lives. Iran's intention was a dramatic showpiece for the war-weary nation. While Iraq had shown willingness to accept the UN resolution when it was drafted last July, Iran had pledged to fight to the death against Iraqi President Saddam Hussein's regime. "The acceptance of this issue is more desirable to us than peace," Iran's spiritual leader Ayatollah Ruhollah Khomeini said in a statement on his country's decision, "but I am happy to submit to God's will and drink this drink for his satisfaction." Hajj Hassan Hashemi Rafsanjani, speaker of Iran's parliament, said that he wept while listening to the statement, broadcast on Tehran radio.

US officials moved quickly to take advantage of Iran's change of heart, dispatching a special team to the region to work out the terms of a cease-fire. Said Pérez de Cuellar: "If I am lucky, I may have a ceasefire within a week or so to days." But later events undermined hopes of a quick end to the hostilities. As Iran and Iraq bickered over the terms of the ceasefire, Tehran reported that Iraqi forces had launched a massive offensive in the north and broadcast recordings of appeals from the General Command for Iranians to defend their homeland. "It is the duty of every Iranian to go to the defense of the honor of the nation," the radio said. In response, Iraq declared that it had withdrawn on Iranian territory. But experts questioned the sincerity of both sides. They saw Iraq as exploiting its military superiority in advance of peace talks. As for Iran, although many welcomed its acceptance of the UN resolution, they felt that it signalled the ascendancy of

moderate, pragmatic over Islamic hard-liners, others claimed that Tehran might simply be buying time to reorganize its strength.

Still, US officials welcomed the move as a "major breakthrough" in the war, which started in 1980 when Iraq troops invaded Iran in an attempt to seize the strategic Shatt al-Arab waterway at the head of the Persian Gulf. They said that it could be a sign of Iran's new

of warships in the Gulf to protect American-flagged tankers, but suffered heavy losses on Iranian gunboats during numerous skirmishes.

Still, Iraq wanted to the Iranian initiative with skepticism. Deputy Prime Minister and Foreign Minister Tariq Aziz called the Iranian move "deceptive" and added, "The logical position is that the war is still going on." Iraqi forces—fresh from recent gains that saw them recapture almost all of the territory lost to Iran during the course of the war—bombed Iranian territory, attacking an oilfield nuclear power plant, factories and other targets. For his part,

Iran refused, reduce their isolation and prepare for the death of Khomeini?"

Khomeini's explanation of the decision, in a statement broadcast on Tehran radio last week, was clearly double-edged. "Our aim is not a new tactic to contain the war," he said. But "we should be prepared for jihad [holy war] to defend possible aggression by the enemy. Our intention should not consider the matter finished." And Khomeini, speaking nearly one year after Saudi Arabian police killed 402 people during a riot by Iranian pilgrims in the holy city of Mecca, showed few signs of willingness to give up the Islamic struggle. "God willing, we will smite our [Iraqis'] anarchy at the appropriate time by taking revenge on al-Baath [the Saudi royal family] and America," he declared. "We intend to dry up the roots of Zionism, imperialism and communism in the world."

Khomeini's threat had special significance for Israel. Some Israeli experts expressed concern that as an end to the war would allow Iran to devote more resources to helping pro-Israeli, anti-Iraqi groups in Lebanon—particularly the Shiite Hezbollah, or Party of God, militia. "We may be the target of Hezbollah," said Joseph Alpher, deputy director of the Centre for Strategic Studies at Tel Aviv University. "The Iranians invested \$120 million in Hezbollah in the past year. Their motivation will not decrease, and their ability will grow if they are no longer bogged down in the Gulf."

Iraq—also an implacable foe of the Jewish state—could pose another threat to Israel. An end to the Gulf war would leave one million battle-hardened Iraqi troops across the Iran-

Arab divide. "We have always said that the most important thing about the end of the Iran-Iraq war is the way it ends," said retired Brig. Gen. Abraham Lervan. "It seems that the war is ending with an Iraqi sense of victory—and this is bad for Israel."

Set at week's end, there were few



Khomeini: "more deadly than poison"

says that the war was coming to an end. Baghdad issued a communique claiming that its troops had captured 25 mountains in northeastern Iraq during "honor battles" against Iranian forces. For their part, the Iranians accused Iraq of air, land and gas attacks against Iranian territory. Tehran said that the Iraqis and chemical

bombs against two Iranian villages and occupied three towns in the western part of the country—and claimed to have killed or wounded 5,000 Iraqi troops in fighting along the border.

At the same time, some experts said that the Iraqi show of strength was a clear indication that Hussein believes he now has the upper hand on the war—and would expect a hard line in any peace negotiations. Said James Hill, a Middle East expert at the College of William and Mary in Virginia. "Iraq does not seem to be in the mood to bargain." Indeed, the two sides continued to argue over the terms of ceasefire talks. Although they agreed to send new envoys to meet in New York City for "technical discussions" with Pérez de Cuellar in implementing the peace plan, neither had requested a proposal from Hussein for direct peace talks, insisting on negotiations through the UN. Hussein claimed that the republic suggested Tehran was not sincere in its wish for peace.

For his part, Lt. Gen. Martin Van der Naert, the leader of the UN negotiating team, said that he was going to the troubled region "with the best of hopes." He added, "I think that the two sides do a job and I hope will be allowed to do it. In any case we will have rewarding discussions." But as the negotiators returned at week's end, it was unclear if there was, with plans to go to Baghdad later, the contrasting climates between the warm atmosphere created on previous, bloody backgrounds for the beginning of peace negotiations.

—PETER HOFFSTEIN
and
WILLIAM LUTHER in Washington and
MARTIN KILPATRICK in Jerusalem

Iraqi soldiers at the front last week: a promise of peace at last after more than a million deaths

moderation, demonstrated by the recent overtures to the United States for improved diplomatic relations and its relatively low-key reaction to the downing of an Iranian Airbus—resulting in the deaths of all 290 passengers on board—by the UN on August 3.

Last week, the change in posture was evident on other fronts as well. Shortly after the Iranian letter was delivered to the UN, Canada announced that it would re-establish full diplomatic relations with Iran, broken off in 1980 after Canadian diplomats helped an American escape from Iran after militants stormed the US Embassy.

Some US officials, among them White House spokesman Martin Pittswey, also indicated that an end to the hostilities could lead Washington to withdraw some of its naval forces from the Gulf. The US Navy, which since last July has maintained a fleet

of warships in the Gulf to protect American-flagged tankers, but suffered heavy losses on Iranian gunboats during numerous skirmishes.

The Iraqis were not alone in expressing doubts about whether Iran truly wants to end the war. One diplomatic observer in Washington, who called the Iranian letter a "tactical move," said "The Iraqis want to give public opinion a chance to solve the problem. They hope to achieve their goals at the negotiating table while at the same time preparing for a new round of battle." Added Christine Holmes, a Washington-based analyst on Iranian affairs, "There is more to this than meets the eye, and, over the coming weeks and months, we will find out what it is." And, she added, "It does just a delaying tactic while the Iraqi-

Resolving an old argument

Within hours of Iran's announcement that it would accept the terms of the ceasefire Resolution 598, officials in Ottawa last week concisely announced that Canada and Iran had agreed to re-establish full diplomatic relations after an 84-year rift. External Affairs Minister Joe Clark said that the main factors for the "renewed consideration" were "the importance of having relations with a country that is important, not only in the Gulf region but outside it." At the same time, a senior External Affairs official said that the resumption of relations does not constitute an endorsement of Iran's

widely criticized human rights record.

The restoration of diplomatic ties became possible in May when Iran, which accused Canada of violating its sovereignty by sending a ship to demand for an apology, Tehran severed relations with Ottawa after Canadian Ambassador Kenneth Taylor smuggled six American-born, Iranian-born Canadian prisoners out of Iran that January. The U.S. diplomat had taken refuge with Canadian officials when Iranian militants, demanding the return of exiled Shah Mohammad Reza Pahlavi to face trial, stormed the U.S. Embassy in Tehran on Nov. 4, 1979, taking hostages and holding 50 Americans for 541 days.

Taylor, now a senior vice-president of food conglomerate Kibb Nakson, Inc. in New York City, said that he welcomed Ottawa's plan to send diplomatic staff to Tehran by Oct. 15

and appoint an ambassador within a year. "It is critical that we have a diplomatic presence there to interpret events for Canadian policymakers," said Taylor. He added that the action will also encourage new Canadian business with Iran.

In recent months, Iran has secured closer relations with Britain and France. The exemption of Iran from Ottawa's nuclear export Munnex Bill, a University of New Brunswick political scientist, is a signal that Iranian moderates are now seeking to use Canada as a "conduit" to re-establish relations with the United States. Said Robert Ross, a Canadian expert on Iran, "The decision seems to have been taken by pragmatists who realize that Iran cannot go it alone if it remains isolated in an increasingly interdependent world."

—ANN PILLAYSON

'A wild, inhuman idea'

For the millions of Soviet television viewers who watch the nightly news program *Vremya* (Time), it was a remarkable experience. On the night of July 16, instead of its usual lineup of bland official reports, *Vremya* broadcast a so-battle-barred debate among the country's top officials. The subject: a bitter territorial dispute between the southern Soviet republics of Armenia and Azerbaijan. Addressing a session of the Supreme Soviet's Presidium—the national parliament's 39-member executive council—representatives from the feuding republics angrily blamed each other for the dispute over Nagorno-Karabakh, the predominantly Christian, ethnic Armenian region that has been controlled by mainly Muslim Azerbaijan since 1920. And Soviet leader Mikhail Gorbachev sharply rebuked both sides for creating a dangerous issue that threatened his program of economic and political reforms, known as perestroika. Said Gorbachev: "It is the adversaries of perestroika, conservatives and corrupt elements who would rich in the period of stagnation, who speculate as the problems of Nagorno-Karabakh."

With those harsh words, Gorbachev

ended decisively with Soviet hard-liners who have opposed making major concessions to the Armenians. And immediately after the debate—broadcast the night after it actually took place—the Presidium took Gorbachev's cue by voting to reject Armenia's demand for the annexation of Nagorno-Karabakh.

Angry Armenian nationalists faced the choice of yielding to Moscow's order or persisting in a perilous defiance

A series of demonstrations and general strikes in support of that demand have all but paralyzed Nagorno-Karabakh for two months and the Armenian capital of Yerevan since early July. At least 36 people have been killed. By taking a firm stand against the Armenian protesters, Soviet authorities sent a message to nationalist elements in other Soviet republics: Declared President Andrei Gromyko

"Nagorno-Karabakh is not a local issue. It is the concern of the whole of the Soviet people."

Indeed, the Soviet leadership has been faced with growing unrest among ethnic minorities. Gorbachev has admitted that he has been criticized by more conservative Communists who feel that his reformist policies have encouraged protests. Clearly trying to counter his critics, Gorbachev toughened his position last week. In his sharply worded speech to the Presidium, he said that "nationalist views" among Armenians and Azerbaijanis had led to a "political dead end." Said Gorbachev: "They have gone crazy about a wild, inhuman idea: let hundreds and perhaps even thousands of people die. If only this isolates the nation's spirit."

Following Gorbachev's lead, the Soviet media suggested that opponents of perestroika provoked the demonstrations in Armenia in an attempt to discredit reform. The daily newspaper *Kommunisticheskaya Pravda* interviewed a 36-year-old protester, Yriose Panyan, who was quoted as saying that he had been lured to riot as "part of a well-planned provocation."

Still, the Presidium acknowledged that the cultural and constitutional rights of ethnic Armenians in Nagorno-Karabakh had been breached. And



Armenian protesters outside Moscow's Lenin Library: a bitter dispute

it passed a resolution that renewed earlier pledges by Moscow to bring about economic, cultural and social reforms in the region. Most significantly, Soviet officials said that they will consider raising Nagorno-Karabakh's constitutional status by making it an autonomous republic—until finally in Azerbaijan, but with increased power to administer local affairs. Said Soviet

Interior Minister Alexander Vlasov: "We do not discuss the merits of such a suggestion."

But the Kremlin also made it clear that it had no patience for protesters. Vlasov said that strike organizers could face criminal charges, and Vice-President Pyotr Demichyev warned that Nagorno-Karabakh factories could be permanently closed and their workers

sent to other regions if work stoppages continued. To reinforce the point, the government stripped leading Armenian activist Panyar Aprikyan of his Soviet citizenship and ordered his expulsion abroad. Aprikyan, 38, was arrested in March on charges of defaming the Soviet state.

Western diplomats said that the next move will be determined by the reaction of Armenian protesters. In Yerevan last week, thousands of people attended rallies on successive nights and shouted down officials who attempted to explain the Presidium's decision. And on Friday, a one-day general strike closed factories in the city. In Nagorno-Karabakh, few Armenians returned to work—despite pressure from Soviet authorities to end strikes that have resulted in the loss or spoilage of trillions of dollars worth of stored goods and foodstuffs. Said one Western diplomat: "Any further protests will likely be interpreted as a direct rebuff to Gorbachev."

At week's end, authorities said that Armenian protest organizers had called for a one-week moratorium on mass meetings. During that break, Armenians will have to decide between yielding to Moscow or persisting in a perilous defiance.

—ANTHONY WELSH/SMITH in Moscow

New!
Player's
Medium

Medium

Player's

A taste you can call your own.

Warning: Health and Welfare Canada advises that danger to health increases with a mouth smoked — avoid inhaling.
Average per cigarette: Player's Medium: Nicotine 0.6 mg "tar", 1.1 mg nicotine; King Size 0.5 mg "tar", 1.2 mg nicotine.

CAR WARS 1988

The tv commercial is subtle and interesting. In a modest bedroom, a sleek young woman slips from beneath the covers and, leaving her male behind, struts off in their car. With the scene set for infidelity, the next sequence reveals that her purpose is only to enjoy driving the Honda Accord at dawn along a coastal road. As the woman shakes her hair in the wind, the announcer asks: "At six in the morning, do you know where your spouse is? We do." The video hard sell continues around the dial literally dozens of cars and trucks are being pitched in glamorous promotions. The marketing war drama are heating as never before because domestic and foreign automakers are in a battle for supremacy in the most lucrative car market in the world—North America. Said Chrysler Corp. Chairman Lee Iacocca: "There is going to be one hell of a fight."

From one side of the continent to the other, the consumers' romance with the automobile is as strong as ever. Sales were near record levels at the end of 1986, and production is growing. But there it trouble ahead. Many senior auto-industry executives say that by 1990 the industry will be producing five million more cars and trucks than there are buyers for them. And that, experts say, could cost 150,000 jobs if manufacturers make major production cuts.

Noted as well, Japanese and other foreign automobile manufacturers are now firmly rooted in North America—a huge force from which they are poised to conquer both domestic and world markets. Some analysts say that, ultimately, a Japanese manufacturing firm will even take over a major North American automaker.



Ford's Bronco concept car fighting back with new car designs as auto plants are about to close

and that at least three vehicle-manufacturing plants could close in Canada. Said Chrysler Canada Ltd. president Maurice Glon: "Everybody is just making their bets at the moment, and we are betting we are going to win. But there are going to be losers."

Iacocca warns that when the production figures are added up—three new vehicle-assembly plants are being built and another is stepping up production in Canada—what emerges is a "classic oversupply problem of millions of cars and trucks." As a result, he told Maclean's last week, the domestic North American industry is confronting a major challenge, which Chrysler Corp., General Motors Corp. and Ford Motor Co. plants will have to be closed as the battle for market share rages? And that decision will

become even more crucial, said the Chrysler chairman, as the Japanese open new manufacturing facilities in North America (page 38).

Redesign To hedge their bets against losing the escalating market-share battle, auto manufacturers are adopting drastic strategies. The so-called Big Three—General Motors, Ford and Chrysler—are laying into small foreign car firms, shuttering complete sections of the market and offering a staggering array of rebates and warranties. And they are designing radical new cars that they hope will hold their market share in the future—including vehicles that use radar and advanced computers (page 33).

As the marketing war escalates, many auto analysts say that consumers will be the big winners as manu-

facturers and their dealers are forced to cut prices to lure buyers. And the Big Three will have to design vehicles that meet with instant success in the marketplace if they hope to retain a share of the so-called primary-import market—people who purchase only foreign-made cars and trucks. In 1985, Chrysler agreed that it was capable of doing just that when it introduced the seven-seat minivan—which is now the high-selling vehicle in North America.

Shakeup A new report released earlier this month by AUTUMN Inc. of Peab, Pa., an auto industry forecasting company, says that Canadian companies are about to add dramatically to the overproduction of cars and trucks. They would be doing so just as Canada's market for new vehicles is, according to most analysts, about to head into a slump. The report says that the Canadian share of vehicle production in North America will jump to 20 per cent by the mid-1990s from about 14 per cent now—mostly all imports president William Peckel says, because of production by foreign firms in Canada. That will include cars made by Toyota Motor Manufacturing of Canada Inc. at a new plant scheduled to open in Cambridge, Ont., in 1988, an expanded Honda of Canada Manufacturing Inc. facility in Alliston, Ont., a factory being built by Hyundai Motor Co. of South Korea in Brampton, Ont., and a plant by GM Manufacturing Inc. at Ingersoll, Ont., a joint venture between Suzuki Motor Co. Ltd. of Japan and GM's Ontario Motors of Detroit (page 38). And much of that production could ultimately be exported.

Meanwhile, manufacturers are offering a blinding assortment of

entitlements to hold their market shares. To make sure that their percentage of the market does not slip, every automaker are slashing prices and increasing the list options car buyers can choose from. As a result, consumers, whether purchasing a cheap subcompact or an expensive luxury sports car, such as a Ferrari, are emerging as the winners in North America's car war. Said Detroit DesRosiers, president of DesRosiers Automotive Research Inc. in Toronto: "The consumer has the power to bring companies to their knees" (page 38).



Car saleswoman Dorothy Mulligan: competition

By 1990, Japanese companies alone plan to be producing an estimated 22 million vehicles annually in North America, including 620,000 in Canada, compared with 900,000 continent-wide in 1985. Some analysts are even predicting that, having government action to restrict imports, either Honda or Toyota could overtake Detroit-based Chrysler to become North America's third-largest carmaker. And Susumu Yanagisawa, president of Toyota Canada Inc., says that because of the decline of the American and Canadian dollars, 300,000 North Amer-

ican-built Japanese cars will be exported to Japan by 1991. But far south in North America, remains the largest, most accessible and most profitable car market in the world. It is an irresistible lure to foreign vehicle manufacturers, which now control almost one-third of new-car sales in both Canada and the United States. Said Chrysler's Glon: "North America is the only market where there is lots of profit. In Europe, the only ones making any money are the luxury-niche companies, such as the British Jaguar and German Mercedes and now."

Predictions Glon argues that the future is less certain. If production is not cut, North American oversupply of cars and light trucks could reach two million vehicles annually by the early 1990s if imports remain at their current levels. Many other analysts have expressed equal pessimism. Researchers at Boston-based Massachusetts Institute of Technology (MIT) produced a study last year predicting that, by 1990, the supply of autos would exceed demand by two million to three million vehicles annually. The result, according to most analysts, will be a traumatic cutback in manufacturing capacity, layoffs and reduction in exports.

And the MIT study concluded that seven to 10 auto-assembly plants will be forced to close. In America, costing as much as 150,000 jobs. Christopher Cederberg, senior analyst with J. D. Power and Associates, a California-based auto research and consulting firm, said that such smaller, less-established markets as Subaru and Isuzu could be forced out of North America. Said Cederberg: "Everybody will be under the gun."

Yet, as the world's largest vehicle manufacturer, has been forced to make major changes as it prepares for the fight ahead. GM launched a \$5-billion plant improvement and modernization program in 1980. By the end of the decade, the company will have spent \$8 billion on new and refurbished Canadian facilities, said George Peoples, president of GM Canada. Peoples added that the massive capital-spending program has made

Hampson cuts



Photo by [unreadable]

are more efficient and flexible. It has also ensured that the company can maintain its profit levels at current market shares. But, Peugeot: "We have got to place the ability to match our capacity to the market share."

Chrysler faces fewer problems than GM because it went through a dramatic restructuring during the 1980s after it almost went bankrupt. Even though Chrysler introduced the minivan in 1984, many analysts say that Chrysler will have to score other marketing successes if it is to stay ahead of its Japanese competitors. Last year, Chrysler's car sales stood at slightly over one million, a figure that Honda hopes to surpass in 1989.

Overtime: By far the strongest member of the Big Three is Ford, the second-largest domestic automaker, which last year earned a profit of \$6.6 billion, a worldwide industry record. Ford's 1988 first-quarter profit of \$1.9 billion was also a record for a three-month period. Kenneth Harter, president of Oakville, Ont.-based Ford of Canada, said that over the past six years, the company has reduced its annual operating costs by \$5 billion. And Harter: "If there is a fall in the markets, we could take the overtime off and reduce our volume by about 16 per cent without affecting our employment."

But despite all their attempts to stay the Japanese and other foreign vehicle manufacturers from making inroads into North America, the Big Three are running into strong consumer resistance in fact. William Atkinson, GM Canada's vice-president of sales, said company research shows that about 80 per cent of car buyers now fall into a category known as "primary-import" buyers. These consumers usually do not even consider a GM, Ford or Chrysler product when they are looking for a new

car. It is a phenomenon that dealers are also familiar with. John Gruchott, co-owner of Alex Irvine Motors Ltd., a Scarborough, Ont., Chevrolet-Goldmobile dealer, said, "People who are buying imports don't come into our showroom. We're losing them and we

ter and last longer. He said that the Big Three are building much better cars now because of the competitive pressure applied by the Japanese. But, added Gruchott, "The perception is that the gap is still quite wide." The Japanese have responded by building larger and more expensive cars. And the appearance of the new dealerships, said analyst Cedergrün, reflects the determination of the carmakers, particularly the domestics, to maintain market share even at the expense of making a profit. Said one Atkinson: "I don't think we're ridding the editors with a whole lot of profit. We're fighting for every tenth of a point of market penetration we can get."

Largely: With the North American auto industry changing at breakneck pace, nearly everyone has a different idea about what the industry will look like five years from now. Cedergrün contends that the North American market will become more like Europe, in which a larger number of manufacturers hold smaller shares of overall sales.

At the same time, foreign carmakers with small North American market shares may be forced to join distribution alliances to survive, said Cedergrün. On the other hand, analyst DesRessais said that GM, Ford and Chrysler must continue to improve the quality of their cars or they will lose even more sales to Honda and Toyota. He also predicts that the Big Three will become the Big Five as Honda and Toyota expand. And that would mean even more turmoil for the auto manufacturers and their employees. But as the price battle—consumers seem destined to be the major winners as the battle for North America forces car prices down.

—DAN FENNELLO and DAVID JENKINS with
JEREMY BASKIN as Researcher



Toyota's Kamagasaki: Tapping the richest car market

don't even know who we're losing."

The permanent loss of a large segment of the market is due in part to what analysts DesRessais calls "the quality and reliability gap." Over the years, some consumers have become convinced that Japanese cars run bet-

DRIVING TO THE TOP

The 10 best-selling cars in Canada, based on retail sales from Jan. 2 to June 30, 1988, and their best list prices

1. Ford Taurus	\$9,294	8. Chevrolet Celebrity	\$14,074
2. Chevrolet Cavalier	\$9,150	9. Honda Accord	\$15,615
3. Mercury Topaz	\$9,551	10. Pontiac Sundird	\$9,969
4. Chevrolet Corsica/Beretta	\$11,259/\$12,448		
5. Pontiac 6000	\$14,547		
6. Ford Mustang	\$15,595		
7. Honda Civic	\$9,795		

*Four-door and two-door versions of the same model.

ROAD WARRIORS.



INTRODUCING ZENITH'S NEW BATTERY-POWERED PORTABLES.

ZENITH INNOVATES AGAIN—with a family of battery-powered portables led by this single most revolutionary portable ever created at Turbopoint 386.

Turbopoint 386 is a breakthrough intelligent and cultured, the exclusive Rose White™ display uniquely duplicates printed page clarity with sharp black images on a fluorescent backlit screen. Plus it has detachable keyboard, serial and c/s, and other battery-powered portables.

Inside, Turbopoint 386 has a powerful 80386 microprocessor is housed in a 100 pin socket, 10MB hard disk, and zero wait state technology for up to 50% greater speed than other 386 systems.

Next comes Supersport™ 386—the highest performance AT class machine offering 64 kbytes, or double, with a choice of fast quantum 20 or 40MB hard disk. The third member is Supersport™ with 20MB hard disk or dual floppy drives and detachable battery pack.

And the 386 machines also offer a intelligent power management features for maximum battery life. These new computers... these most powerful yet Zenith is the battery-powered portable world.

Model
Price
Features
Options

Model

Price

Features

Options

Model

Price

Features

Options

Model

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Features

Options

ZENITH data systems

WE QUALIFY ITSELF AS THE MOST POWERFUL

THE HOT FIGHT TO LURE THE CONSUMER

On April 88, the Nissan Motor Corp. ship Nissan Laurel sailed into the Halifax auto port, decked out as a floating showroom with 3,000 Japanese-built Nissan automobiles and trucks. Local Nissan dealers set up shop on board, entailing customers with savings of \$549 to anyone prepared to buy direct from the ship. By the time the ship sailed on May 12 in Montreal, the Laurel had attracted 140,000 visitors and found buyers for nearly 5,000 new vehicles. Marketing officials at Nissan Automobile Co. (Canada) Ltd. said that the theatrical offer was an attempt to increase their 8.9-per-cent Canadian market share. Said Ian Forth, the company's national marketing manager: "Manufacturers and dealers are willing to do anything today to get a sale."



Target: To stimulate the public's appetite for new cars, marketers are expanding their target groups in such antipodal new-car buyers as women, lower-income young families and retired people. Automakers are now designing cars to fit those groups' varying needs for economy, size, comfort and safety. That strategy has resulted in a dizzying selection of more than 420 different foreign and domestic car and truck models in Canada. And as the glut of cars grown in Canada, thanks to a dramatic rise in production, some auto analysts suggest that car buyers have never wielded greater influence. Indeed, Dennis DeKleiser, president of the Canadian Automotive Research Inc. in Toronto, says that when it comes to dealing with vehicle salesmen, the consumer now holds virtually all the cards.

But many consumers and industry analysts say that intensive marketing and even aggressive price-cutting are no guarantee of success with quality-conscious consumers. Kevin Murray, 35, a Toronto lawyer who recently bought a Ford Mustang after 12 years of buying non-North American imports, said that he was not swayed by advertising and promotion, instead he came to his conclusion only after doing extensive research. "I pay attention to road tests and automotive journalism in making my decision," he said.

One of the most innovative and enduring marketing triumphs in the past five years belongs to Chrysler and its flamboyant chairman, Lee Iacocca.

Nissan's campaign was a dramatic demonstration of how far domestic and foreign auto producers will go to attract the car-buying public in this hotly competitive North American market. The fight for consumers' carrying dollars has become a fierce contest that car manufacturers—already burdened with huge inventories and unimpressive profits—cannot afford to lose. In addition to massive advertising campaigns, more and more dealerships are opening across the country, and those dealers are offering a broad range of incentives, including more options at standard equipment and attractive financing, to overcome buyer resistance.

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Toyota, Ford and other manufacturers copied the idea, and the programs have been the principal cause of the recent growth of the light-truck market. Indeed, last year, light trucks, which include small pickup trucks and four-wheel-drive vehicles including Chrysler's Wagoneers, helped push sales up eight percentage points to 32 per cent, while car sales were down four points, to 68 per cent of the total market. Said Peter Deering, senior vice-president of Goldfarb Consultants, a marketing research firm in Toronto: "It is proof that the romance of the automobile has not died yet. And if you see a consumer, you are perceived as being very active."

Success: The winning success has helped lend new credibility to other marketing efforts by North American manufacturers and helped to restore the consumer's faith in their ability to design successful new vehicles.



Foreign cars being unloaded at Dartmouth, N.S. So dealer Magnetics, because consumer dollars are elusive, new dealers sometimes open around the corner from existing ones.

Since the early 1970s, those companies have battled the view that Honda, Toyota and other Japanese carmakers produced higher-quality, more economical cars. That bias was reinforced when the Ford Pinto and the General Motors Chevrolet Vega—early domestic subcompact—displayed numerous design problems. In the case of the Vega, those flaws included air leaks, rusted bodies, harsh ride, heavy steering and cramped interior space.

Power: Ford acknowledged the issue openly in 1981, when it adopted the slogan "Quality is Job 1." And in 1982, Chrysler boldly introduced a five-year or 80,000-km warranty on its engine, transmission and other power-train components. Chrysler also declared that its products were the "best-built, best-backed" vehicles in North America. Since then, nearly all manufacturers have introduced similar campaigns and have extended warranties to as long as seven years to win the faith of consumers. Last year, General Motors took the idea one step further and argued its customers to insist on only GM parts when repairing their vehicles, and they have launched a major advertising campaign in support of that initiative. Said Walter McCall, a spokesman for Chrysler Canada:

"Customers today have high expectations of reliability. You have to back the vehicle for an extended length of time."

According to analyst DeKleiser, that message has had some impact. Customer-satisfaction figures have improved dramatically for North American models in the past five years. But many shoppers continue to avoid domestically made cars. Statistics from the U.S. consumer department show that 36 per cent of all American consumers would never consider buying an American vehicle. And if the domestic manufacturers are to hold on to their market share, they will have to reduce that figure. John Glasco, vice-president of sales and marketing for Ford Canada, declared: "Conventional wisdom is a tough thing to put down."

Although quality remains a thorny issue problem for most domestic car manufacturers, North America's declining economic prosperity since the recession of 1981 has handed all automakers a lucrative new marketing platform: luxury Yuppies. The affluent and affluent contingent of the baby-boom generation, who built new demand for sporty, expensive cars, particularly West German-built models, which sell for \$30,000 and up. Prior advertisements from those manufacturers clearly cultivated a sophisticated

consumer. One recent magazine ad for the \$10,000 1991 Ford, used a modest photograph of the car, but included technical text that could take 10 minutes to read. But according to analysts, image has been more important than engineering in selling such vehicles. Said DeKleiser: "They are buying the car primarily for status. Although the people who make these cars may tell you differently, our statistics will tell you that our appeal is high on the agenda." For those consumers, a car's glamour is at least as important as its safety and drivability.

Upscale: Recognizing that Japanese manufacturers have cleverly capitalized on the upscale market by designing cars that resemble their West German cousins, Mazda's RX-7, which sells for about \$30,000, imitates the lines of a West German Porsche sports car that is more than twice the price. The Toyota and Nissan also copy Italy's Fiat XJ-6 and Honda and Toyota sedans mirror the styling of other high-priced European models. In North America, GTR's Carrera and Beretta, and even Ford's Mustang, can be hard to distinguish from some European models in a parking lot. The boldest attempt to incorporate European aerodynamic style has been Ford's teardrop-shaped Taurus. The car was an immediate hit with con-

manera when Ford introduced it in 1980. However, the June, 1986 issue of *MotorWeek*, an N.Y.-based *Consumer Reports* magazine, while applauding the car's state-of-the-art design, acknowledged that the Taurus "has proved to be disappointingly unreliable as the miles pile up."

Promises to reward to other groups of consumers, besides the upper middle class, often take the form of direct-marketing programs. Manufacturers conduct mass mailings to women, suggest you graduate students, praise models that they tend to appeal to these groups. General Motors, for its part, sends letters to new university graduates in Canada each year offering low-interest financing on low-cost leasing agreements on its Cavaliers, Spencers, Pontiacs, Camaros and Firebirds. Its mailings to senior citizens generously propagated Buicks, Oldsmobiles, Buick Electras and Cadillacs. In all cases, marketing departments are now assuming that consumers are sophisticated purchasers. Sted Ewald, a Halifax-based Honda dealer and president of the Federation of Automobile Dealer Associations of Canada, "Buyers are more knowledgeable than we were 30 years ago. They do a lot of reading and studying before they go out and buy a car."

Larger: At the centre of the increasingly competitive car marketing business are larger advertising budgets. According to Serge Bussacot, Ford's account director at the Toronto office of the international advertising firm Young & Rubicam Ltd., total advertising spending by automakers in Canada alone last year was \$162 million, up \$40 million from the previous year. And Bussacot said that spending on advertising likely will rise by another \$30 million in 1988. Many manufacturers have been inspired by Honda, whose prolific television advertising has helped insulate its products with a sense of its customer's out-of-the-box. A current advertisement features a teenage daughter who is frantic because her father is off on a long journey with her car. Another shows a Honda's taillights glowing in a dark bush as the ad describes the accolades that the U.S. magazine *Motor Trend* recently heaped on Honda models.

At the same time, automakers now routinely use a variety of price incentives,

including cash rebates, low-interest loans and discounts on such optional features as air conditioning and cruise control, to draw customers at dealerships. Automakers originally developed the promotions to deter away overcapacity and to combat the negative impact of higher prices. But as competition has intensified, the offers have become commonplace, and many analysts now question their true impact. Said Maryann Keller, an automotive analyst with the New York City-based brokerage firm Pennant, Seitz, Magry,

And, making life even more difficult for dealers, the number of franchises across Canada had grown to 4,346 by last April from 3,552 in 1984. Indeed, new franchises are sometimes opening just around the corner from existing ones because manufacturers are so eager to share in elusive consumer dollars. And some experts even say that the saturation point for new dealerships may be close at hand. In Winnipeg, Horst Hoeselstein's Great Transit Motors Volkswagen dealership, a landmark in the city's north end for 30 years, closed last May. Hoeselstein, who says that he expects personally to lose about \$200,000 in an early season of growing competition among car dealers. He added that his sales have dropped by 35 per cent since 1985—a setback that he says he could have weathered if Volkswagen Canada Inc. had not persuaded him to move to a gleaming new building last year with double the space. Says Hoeselstein: "They were telling me I could double my sales. But with the number of vehicles in the marketplace and the strength of the German mark, I still had 1987 stock."

Beats: Despite the bleak comments that many consumers display in their own products and the millions they are willing to spend protecting them, Ford's critical tone is echoed by other dealers. They say they are concerned that the steep decline of dealer-suggested prices in the United States—to 25,000 from 35,000 in 1979—could happen in Canada. Said Kenneth Gordon, vice-president of the Federation of Automobile Dealer Associations in Toronto: "There is nervousness among the dealers now. How much can the market absorb?" And with Canadians showing increasing reluctance to dig deeply for the price of a new car, car manufacturers may soon find themselves facing an extended period of inactivity sales.

At the same time, manufacturers' rebates have cut a swath through many dealers' profits. GM's Sprint usually retails for \$7,500, returning just a \$325 profit to the dealer. Honda's new minivan, the Civic, sells for only \$115. Said Gerry Ryan, owner of Pye Chevrolet in Tulsa, N.S.: "On the Sprint, I understand the deal to draw in strip-tease customers. But \$415 is really low."

—ANN WALSHBY with DAVID TODD in Toronto



Consumer Murray, quality remains a thorny issue problem

Dett's & Binyan "Attempts to use something artificial like rebates or cheap loans to give a competitive advantage are simply matched by everybody else. Nobody won anything."

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TWO SETS OF RULES



Honda plant in Alliston; Lotus (below) is swimming deep into the Auto Pact and free trade

Already facing a looming crisis in overproduction, the auto industry is now confronting a smothering dispute caused by the free trade agreement. If the deal becomes law, the major losers in the industry would be south foreign-based manufacturers, such as Toyota and Honda, which also build cars in North America. But domestic

To enjoy duty-free status under the free trade agreement, foreign cars must be built with at least 50-per-cent North American parts and labor. Otherwise, they will be subject to customs duties when they ship vehicles across the U.S.-Canadian border. The Auto Pact agreement between Canada and the United States allows vehicles built in those two countries to enter duty-free. Translating this into the 50-per-cent content rule is a very big amount.

But Victor Lussan, president of the Auto Parts Manufacturers' Association of Canada, said that his parts industry wants the local rules to be higher—no 60 per cent.

Reversion: Such an increase would ensure greater revenues for domestic parts manufacturers. Lussan said that the difference between 50 per cent and 60 per cent is equivalent to about \$152 billion annually in parts sales. According to most analysts, only the Canadian government is resisting change—largely because of lobby efforts by Japanese manufacturers.

William Katsulis, vice-president of administration for Toyota Motor Manufac-

turing Canada Inc. in Cambridge, Ont., 40 km southwest of Toronto, said that his company has developed several private plans for meeting the content rule, but declined to discuss them. Toyota plans to begin production in Cambridge next November. For his part, Bill Heger, vice-president of auto-manufacturing with Honda of Canada Manufacturing Inc. at Alliston, Ont., 96 km north of Toronto, said that Honda may even be meeting the 50-per-cent rule now, depending on how federal and provincial regulators interpret it. But he was reluctant to comment on the push for 60 per cent. Said Heger: "We are very careful, as you'll find all Japanese companies are. It's a delicate subject."

Rules: The parts industry wants the content rule raised because it would require additional manufacturers wanting duty-free access to North America to purchase car components in North America to qualify. Lussan said the parts industry feels that foreign manufacturers operating in North America may be able to meet the 50-per-cent rule more easily by purchasing tires, glass, plastic, steel and other basic products used in auto assembly. He added that a 60-per-cent rule would ensure that the foreign car builders would have to buy major car components in North America.

Support for a higher content rule is widespread among the domestic industry. David Behar, vice-president and treasurer of Oakville, Ont.-based Ford Motor Co. of Canada Ltd., argued that the free trade agreement benefits the foreign firms by giving them the opportunity to gain duty-free access to the U.S. market, which they could not do before free trade.

The tariff on vehicles entering the United States is now 3.5 per cent—compared with 9.5 per cent for auto-making components in the United States. Because of that, a higher content rule would likely benefit only American parts companies. Meanwhile, Japanese automakers are planning to meet their North American needs by building a new truck, in what promises to be a major struggle for the continent's vehicle market.

—DARCY JENSEN with THOMAS BARKER in Toronto



—ANN WALSHBY with DAVID TODD in Toronto



Ford's Futura concept car controls designed to make driving safer and easier

CRUISE BY COMPUTER

Even in the 21st century, speeding down the open road on four wheels will likely remain a favorite North American pastime. But experts predict that drivers will no longer have to endure the wear of pot-holed roads, misadjusted seats or confusing street signs. The car of the future, they say, will sport an array of computerized electronic controls that will automatically adjust seats and mirrors to an individual's particular mode, convert the suspension to account for changing road conditions and even choose the best route to the driver's destination. In the past, new car designs usually meant exterior variations with few fundamental changes to a car's standard mechanical parts. But now, revolutionary changes are taking place. General Motors Corp. designer Charles Grosse says that a typical exhibit of concept cars is now "like a container dress show."

Components the auto behemoth most of the changes is to make driving safer, easier and more comfortable. The trend, most manufacturers agree, is away from upscale gadgetry, including cars that give verbal commands, and toward substantive innovations. Thomas Land, spokesman for Ford Motor Co.'s design

centre, said that his company has set back on the use of floating digital display panels because of consumer resistance. Now, protection for the driver and drivability are paramount. In addition to improving standard automobile systems—steering, braking and suspension—



Ford's Bronco's complicated dash: 'revolutionary'

non-tenacious cars will feature sophisticated driving aids, including dashboard radar screens.

Designers and engineers say that most of these changes will depend on increasing the use of small but powerful computers that will control everything from fuel economy to instrument panel displays. Up to three computers may be used to control six mil-

lion functions per second, and electronic impulses will replace pneumatic, mechanical and hydraulic systems. Borrowing from aircraft design, computers—not mechanically driven shafts—will guide the electronic impulses between steering mechanism and a car's wheels.

Pivotal: Instruments of panels and other types of displays are being developed to assist navigation, speed-control and the monitoring of traffic conditions. Pontiac's Runtec concept car boasts a so-called heads-up display, also developed for aircraft, which frees the driver from having to look down at the dash. Instead, a computer-generated three-dimensional image is reflected off the car window in front of the driver, showing the car's speed, fuel level and turn signals. Dashboard display screens displaying the distance and speed of oncoming vehicles will be fed by sensors in front of the car.

The improvements also will include acceleration systems, which will deploy an automatic braking system using radar. As well, designers are working on electronically assisted steering and entertainment centres, including television and telephone facilities. But such of these changes, which depend on improvements in computerized systems, resemble some measure of control from the driver. And that, some analysts say, could lead to laziness and deterioration of the wheel. Although critics of the increased use of electronics say it will make driving less safe, designers argue that computers actually free the driver to concentrate on the road.

Complex: Manufacturers also deep that more complex electronic systems mean more complex and costly repairs. They point to figures showing that the number of defective

computer chips has declined since the first wave of cars using computer technology was produced in the late 1970s. But for consumers eager to steer the latest in automobile innovation, such concerns may seem remote. For them, at least, new will always mean better.

—PATRICIA CHERNOGOW WITH JERRY DALE in Detroit

LEE IACOCCA LOOKS AHEAD

Since he became chairman of Detroit-based Chrysler Corp. in 1979, Lee Iacocca, 65, has become North America's celebrity executive. He has written two books and has spoken widely on his favorite topics—the automobile industry, including the increasing tensions between Japanese and North American manufacturers. And Iacocca continued on that theme last week in an interview with Maclean's Senior Writer Dorey Jewish in his large and cluttered Detroit office.

Maclean's: You have obviously had a remarkable career. What is left for Lee Iacocca to achieve now?

Iacocca: I know what I'm glad I didn't do. I almost got tempted once to get into politics. You could tell that I hadn't last long because I'd want to do some things without checking with everybody, including the justice, as whether or I should do it or not, and I know I'd get

Maclean's: Chrysler's share of the car market has fallen to about 14 per cent from 17 per cent some 1960. Can that be reversed?

Iacocca: This year, to date, car and truck sales combined in the United States were way up over last year. We feel a

price. We want for market share. We're more than Ford. As I have said, we have had to pay the bill, though. We were the lowest pricers in Canada and the United States, and that's a classic way to squeeze margins.

Maclean's: Some auto industry analysts in Canada say that Chrysler may have made a strategic mistake by paying off U.S. government loans aimed at insulating Chrysler from strong competition from Japan.

Iacocca: Oh, no. I just told somebody that the sweetest day of my life was paying off those loans early. The bankruptcy of the General was over as late as Chrysler. Getting out of there was the greatest day of our lives. I wish we could have done it in two years instead of three. But when I stop to think that we might have taken 16, I would



Chrysler's Iacocca: the world wants to do business with North America

have that myself. That's how bad it was. I'm not anti-government, but Jesus! Government?

Maclean's: The Canadian opposition to free trade opens up a whole new area as a economic power that is in decline—is it that a valid criticism?

Iacocca: Well, if we continue with federal government policies of the last eight years, we'll stay in decline, but not if we assert ourselves and understand what competitiveness means. It means big investment, it means lower interest rates, it means better union relations, it means reasonable tax. I would rather compete with cheaper three-per-cent money from the Mitsubishi Bank than pay 13 per cent to America's Citibank. **Maclean's:** Do you anticipate that over-production of cars is going to be a major problem? What will the consequences be?

Iacocca: Europe has just gone through it. It has started closing plants in trying to get things in balance. Luckily for Europe, the Japanese "transplants" haven't taken off there yet. The key to this is how many old American plants you can keep open while the Japanese continue to open new plants. There's going to be one hell of a fight for everybody to maintain their market share.

Maclean's: Do you have any idea where this overcapacity problem will hit Chrysler?

Iacocca: We're in pretty good shape in Canada. As you shake out the whole system, maybe you will have to close plant or two, come out with new products—you can never know how that will end. We watch it very carefully because we do very well in Canada. We make good money. Our dealers make good money.

Maclean's: Now global free trade is to be that we are going to have a North American market that is going to affect Europe and the Far East. Is that what you're concerned?

Iacocca: The whole world wants to do business. They should all try to do it as fairly as they can, and the guys who should really be concerned are those with the

biggest markets with no reciprocity. Canada and the United States should demand reciprocity.

Maclean's: What do you think of the U.S. Canada free trade agreement?

Iacocca: You have to remember that the same groups in Canada that were against the Auto Pact in 1966 are against this one. But the United States is such a big market and has such a healthy economy, and it's worth it. It's enough—10 per cent of the U.S. car market. They both faced very real wall over that 25-year period. Our plants up there were all red in the teeth, really inefficient, trying to do manufacturing operations better and we were cars. With the Auto Pact, within 18 months everything was done up. The benefits to all customers were evident. That's what makes me a free-trader.

A province's billion-dollar bonanza

Brian Peckford stood in the sweltering heat of a St. John's hotel ballroom last week, the cool, combative former outport schoolteacher who, only months before, was contemplating his retirement after nine years in power of Newfoundland. But for Peckford, last week's signing of an \$8.9-billion agreement with Ottawa and an oil company consortium to develop the Hibernia oil-

field Newfoundland, which has the highest unemployment rate in Canada and the lowest per capita income, with an unmitigated taste of prosperity. Government economists estimate that the project will directly create at least 2,000 jobs in Newfoundland, where the unemployment rate is 17.2 per cent compared with a national average of 7.8 per cent. And the indirect economic impact of the

staff to the project. And that brought heavy criticism from political opponents and spokesmen for the Alberta oil industry, who charged that the government payout is a blatant vote-getting ploy by Peckford and Prime Minister Brian Mulroney—both of whom are expected to call elections later this year. Indeed, federal government officials said last week that a new agreement is being negotiated to help with a



Petro-Canada rig exploring the Hibernia oilfield. \$3.2 billion in federal aid and offshore rights for provincial coffers

field, 300 miles southeast of St. John's, was a moment of pride and vindication. Peckford has built his political reputation in the tight light he has waged with the federal government to extract the maximum economic benefits of the Hibernia field from Canada's poorest province. And last week, as a crowd of 2,000 Newfoundlanders roared their approval, Peckford's long-chartered dream of offshore riches took a giant step closer to becoming reality.

Developing the Hibernia field—which is located about 300 miles north of where the Titanic sank in 1912—will be the largest and most expensive energy development ever undertaken in Canada and the largest capital investment in the history of Atlantic Canada. And it could pro-

ject will go far beyond that. Moreover, although Newfoundland is providing tax and royalty breaks to get the project going, the provincial government estimates that it will still earn a minimum of \$4.4 billion from the project if all prices hit \$24 per barrel by the time production starts in 1995. Said Craig Dobbin, chairman of Canadian Refineries Corp. of St. John's: "This is the biggest thing to happen to Newfoundland since we joined Confederation."

The historic deal was only made possible by some critical last-minute financial concessions by Peckford's oil rival, the federal government. Ottawa had to provide a \$3.2-billion support package—in the form of grants, loans and loan guarantees—before the five-company oil consortium would consent

to the \$4-billion oil sands project near Fort McMurray, Alta. And several other megaprojects in Alberta and the Canadian North are also lining up for aid. Asked Calgary-based oil analyst Ian Duff, editor of the industry newsletter *Energy Digest*: "If the government is willing to spend \$3 billion for seven wells in Newfoundland, just how much are they willing to spend for 30 wells in Alberta?" But the federal government says that regional development is a primary reason for the energy payouts.

Last week's agreement has paved the way for the development of what is potentially Canada's largest oilfield. Hibernia's oil reserves are estimated at 525 million to 650 million barrels—or equal to about 13 per cent to 15 per cent of the total reserves of

Western Canada. But a combination of low oil prices and a fierce political dispute between Ottawa and Newfoundland has kept the project on the back burner since the field's discovery in 1959.

However, in March, the companies—Mobil Oil Canada Ltd., Gulf Canada Resources Ltd., Petro-Canada, Chevron Canada Resources Ltd. and Columbia Gas Development of Canada Ltd.—were seriously considering an offer by the North Atlantic. When scheduled production begins in 1995, barrels-a-day flow lines will carry the oil to the large platform from the G5 to H9 satellites.

Overall, Ottawa has agreed to a grant of \$1.34 billion designed to cover up to 20 per cent of the development costs and a \$1.66-billion loan guarantee for the construction phase. And, if needed, it will also provide up to \$75 million in temporary loans for construction cost overruns and a maximum of \$500 million in loans to help the consortium meet interest payments if oil prices fall below \$20 per barrel once production begins. In addition, the Newfoundland government agreed to forgo most sales tax for the project's capital and operating costs and to take lower production royalties of one per cent initially, increasing to five per cent over several years. Ottawa, meanwhile, will get 30 per cent of net revenues after the oil company recoups its investment. Said Richard Carl, a senior vice-president of the brokerage firm Merrill Lynch Canada Inc.: "This agreement is a role reversal between the industry and government. The governments have agreed to take on more risk but they wanted compensation in return."

But oil prices will have to be far higher than they are now for Hibernia to be economic. The oil-sending West Texas crude was valued at \$18.66 a barrel last week. Indeed, Chevron officials say that the company will not make money unless prices are above \$24 a barrel. But federal officials say that the loan will be paid back as long as the price of oil remains above \$11 during production.

Developing Hibernia, which sits under 250 feet of water on the fish-rich Grand Banks, will be an immense engineering challenge. The centerpiece of the project will be a 470,000-ton artificial, concrete island that sits on the seafloor and extends above sea level. The platform is designed to provide a stable base for drilling and production and to store up to 1.45 million barrels of oil even if struck by one of the icebergs occasionally found in the North Atlantic. When scheduled production begins in 1995, barrels-a-day flow lines will carry the oil to the large platform from the G5 to H9 satellites.



Mulroney and Peckford: the biggest day since Confederation

drilling wells on the field. And the oil will be loaded into strengthened tankers, which will be able to deliver up to 100,000 barrels a day to refineries.

Before work can begin, Ottawa and the consortium must reach a legally binding agreement with a deadline of next March. But for now, Newfoundlanders are gleefully waiting for the oil boom to hit. Overall, the on-site construction phase is expected to displace employment between 1,600 and 2,000 Newfoundlanders. And another 2,000 jobs will be directly created over the 15-year production period begins. St. John's will be the white-collar center for the project and will also be demanded for engineering, fabrication and other services gone. And the good news same news will also spread across the province into such places as Corner Bay

Chase, where the huge Hibernia platform will be assembled. Meanwhile, the Maryport shipyard will likely be busy building support vessels and performing repair work. As well, the production facilities and skills developed to take advantage of Hibernia will leave the province in good shape to benefit if some of the other fields near Hibernia are developed. Said Harold Barrett, Newfoundland's minister of development: "We will still be feeling the benefits long after the life expectancy of Hibernia." And an oil boom could also single-handedly reverse the steady exodus of Newfoundlanders to

other parts of the country in search of jobs. In addition, the Hibernia agreement could also mark a turning point in relations between Newfoundland and the federal government, which have been soured by the province's failure to renegotiate the terms of a 1960 agreement with Quebec's Churchill Falls hydroelectric power. The contract, signed by Newfoundland Premier Joey Smallwood, allowed Hydro-Quebec to buy most of the electricity generated at the massive Churchill Falls development at fixed prices for 45 years—despite increases in the rate of inflation and fluctuating energy prices. When energy prices soared in the 1970s, Hydro-Quebec began paying large profits from Churchill Falls when it would Labrador power to American buyers.

The Mulroney government helped improve relations by signing the Atlantic Accord in 1985, which gave Newfoundland a measure of control over its offshore resources. Now, it also hopes the Hibernia deal will serve to repair the damage of past decisions that it may take more than that to solve the bitterness over the Churchill Falls affair. As Gordon Winter, 76, who was Newfoundland's first finance minister after it joined Confederation, put it: "We're a very litigious province, and I wish people to forget if they are irked." Newfoundlanders, it seems, have had their hopes for wealth dashed the many times to be easily placated.

—JOHN DUBOIS with JOHN HOSKIN in Calgary

Party war games in Lotus Land

By Peter C. Newman

British Columbia Lt.-Gov. Robert Rogers has quietly accepted a request by Prime Minister Brian Mulroney that he extend his term from mid-July into September. As a result, there will be an experienced hand at the helm in case there is a constitutional crisis this fall. Despite the realignment of the premier's office last week, most of the Social Credit caucus still say that if Premier William Vander Zalm is not re-elected, the government will probably lose the next election.

That anxiety is where the pressure for a leadership change is coming from, and one possible job would be for a majority of the members to call on the lieutenant-governor to inform him that the premier no longer has their confidence. If that were to happen, the lieutenant might not be able to function—and the lieutenant-governor might ask the premier to step down.

There is always conflict between any caucus and cabinet, because, although elected members have real power (the political turf of the riding they represent), the ministers who exercise the authority tend to be captured by their deputies and cadres of civil servants. That creates tension between political significance and bureaucratic imperatives, which can be worsened only if the caucus members retain overriding loyalty to their leader and his cause. That, in turn, demands that the MLAs inside the caucus remain largely of two groups: members who have renounced themselves to remaining on the back benches as political troopers who recognize that they are privates never destined to become generals, and another group of ambitious MLAs who want to join cabinet and are willing to work hard for the leader to earn their turn.

The current makeup of the Social Credit caucus is exactly the reverse. The front soldiers are in cabinet, while nearly all of the party's best people are on the back benches, venturing out their frustration with the leader in that way. Dr. Patricia McGee, who was a Social Credit cabinet minister and who believes that led the province's Liberal party, told me recently, "Mainstream politics in British Columbia will always be different from the rest of the country because of a long-standing dislike of the Ontario- and Quebec-based policies that do not fit the needs and aspirations of British Columbians." He added "The Social Credit party exists as a comfort-

ing member of the party to do his duty by helping make Social Credit electable again. Their next step, if enough MLAs swing around, will be to confront the premier (or if that does not work, the lieutenant-governor) with their determination to change leaders before the election, due in 1991.

What has traditionally united the Social Credit is its ability to shelter voters who might otherwise support the federal Liberal or Conservative parties but



Vander Zalm: a shock before the election

who are willing to switch their provincial loyalties to keep the nationalists at bay. Dr. Patricia McGee, who was a Social Credit cabinet minister and who believes that led the province's Liberal party, told me recently, "Mainstream politics in British Columbia will always be different from the rest of the country because of a long-standing dislike of the Ontario- and Quebec-based policies that do not fit the needs and aspirations of British Columbians." He added "The Social Credit party exists as a comfort-

able place for people whose resentments are current, versus people whose resentments are historic. As a former Liberal leader, I know what it's like to be a hunted species. You're not looked at as a leader in the West but as an apologist for the East."

Apart from Vander Zalm's bizarre personal style, three problems have undermined his leadership. The first and most basic dilemma has been that he has never put forward any kind of grand policy option that might reflect his critics and enable him to grab the high ground. Secondly, the policies he does espouse are invented on any parking lot that contains at least one reporter with a microphone. The caucus and even senior cabinet ministers did up having to hear about the government's latest initiative on the radio.

Vander Zalm's third and most annoying characteristic is that because he enjoys meeting people and having his picture taken, he had left the serious business of government largely to his chief aide, a confident, drinkily confident named David Toole who was recently demoted to a solely political role. Before such measures, the premier's office had suffered from a confrontational relationship with cabinet, which had brought the government of the province almost to a halt. Toole had shuffled deputy ministers and their responsibilities so frequently that no one was certain any longer who was responsible for what or to whom.

As part of Vander Zalm's efforts to keep his position, he recently called together the Top 30 club, a group of Vancouver power brokers who have traditionally supported Social Credit and contributed most of its war chest. They met at a private dinner in Richmond, and the first speaker was one of the province's most senior former executives, who bluntly told the premier that as far as his industry was concerned, British Columbia at the moment has no government capable of making intelligent or even effective decisions.

Vander Zalm was shocked by the vehemence of their criticism, especially when a group he had assumed was supportive. After dessert and coffee had been served, the premier stood up and made a few brief, dismissive comments, ending up with what he thought would be a rhetorical question: "What, he demanded, "should I do that I haven't done?" He nearly lost his temper when—to a man—his guests stood up and belatedly "Rogers!"

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Griffith Joyner: setting a stylish world-record dash

The retired form of CBC's nation-al-affairs correspondence at Mike Duffy has become one of the most recognizable figures on Parliament Hill. But last week, Duffy, 42, left the CBC after 14 years to host a new weekly Sunday morning current-affairs program, starting in October. The new employer is Buzon Broadcasting, the largest CTV shareholder and owner of its TV stations in Central and Western

Duffy: best wishes



Canada. Political guests for Duffy's show were cutting last week with best wishes. Said Duffy: "John Tanner called to say 'Good on you,' but I haven't heard from Belinda yet. I'm not holding my breath. I think he's up at the college."

The mid-August judicial hearings could mark the start of a grand-stair court case. Wade Boggs, 30, the all-

star third baseman of the Boston Red Sox, has been tagged with a \$7.5-million punitive suit. Margo Adams, 32, who shared hotel rooms with the married Boggs during several seasons of road trips, is suing him—and claims to have numerous photographs that she says Boggs took of his teammates in "compromising positions" with other women. Said Boggs's agent, Alex Neri: "We know exactly what she was doing. If she was the married lover, why did she collect more evidence than the Watergate Committee?"

She is both a prosecutor and a president. At the U.S. 100-m Olympic trials in Indianapolis last week, sprinter Florence Griffith Joyner, 38, shattered a world record—in a sizzling fashion. With times of 16.45, 10.79 and 18.61 seconds, Griffith Joyner clocked the three fastest 100-m runs by a woman. For most of her races, she wore a body-suit with the left leg cut off at the hip. Said Griffith Joyner: "I designed it myself." Official styles are her trademark. Before the 200-m race at the 1988 Los Angeles Olympics, she painted her four-inch fingernails red, white, blue and gold—and won the silver medal.

For most nine-year-olds, cycling to the corner store is a noteworthy act of independence. But for Emma Housh of Medicine Hat, Alta., flying a plane across Canada is no big deal. The freckle-faced Grade 5 pupil left Victoria, B.C., on July 10 accompanied by her father, a school vice-principal and flight instructor. While her father served as co-pilot of the single-engine aircraft, Emma remained at the controls. Although the Houshs encountered fog and turbulence on their trip, Emma says that piloting a plane is "mostly boring." Still,

she added, "it's better than being stuck out in front of your house with nothing to do."

As a child, *Sam Mason*, now 30, loved comic books. Years later, the Toronto documentary film-maker decided to make a film about his childhood passion. The result is *Comic Book Confidential*, which will have its world premiere at Toronto's Festival of Festivals in September. The 90-minute documentary traces the history of comic books from their origin in the 1890s to the present. Said Mason: "This film really shows how we've grown up with comics—and how comics have grown up."

New York City stage director *Phil Ochsman* says that he was dating in front of his television when his ideal leading lady appeared on a talk show. "I



Hall staging a debut in a Monroe role

heard this voice and looked up," he recalled. "My reaction was 'There she is, that's the woman to play Cheryl.'" The role made famous by Marilyn Monroe in the 1954 movie *How to Succeed in Business without Really Trying*. The woman proved to be *Teen*-babe model *Jerry Hall*, 33, the longtime girlfriend of rock star *Mick Jagger*. Ochsman persuaded Hall to take the part, and she makes her stage debut as *Miss Sissy* on October 10. Ochsman says that as *Miss Sissy*'s seductive but enigmatic singer at a supper theatre festival in New Jersey on July 28. Said Ochsman: "It would be unfair to compare her to Marilyn Monroe. But Jerry has an extraordinary presence all her own."

—FARLEA YOUNG with correspondents' reports

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Murder in a small town

The mangled discovery confirmed the worst fears of the townspeople. An dusk fell on July 17, a stretch party of six violently found the mangled body of eight-year-old Bryan Burckholder in an abandoned gravel pit on the scrub-covered outskirts of Mount Forest, Ont., 100 km northwest of Toronto. The daughter of Ernest and Gertrude Burckholder had disappeared less than 27 hours earlier, after the blond, bespectacled Grade 3 student left home to play nearby. On July 18, the results of an autopsy showed that the girl had died of a massive skull fracture inflicted by a blunt instrument—and that she had been sexually assaulted. The same day, police arrested 27-year-old Bryan Delaney—a local man who worked as a basket maker—and charged him with first-degree murder. Held as an untried Gertrude Burckholder, a lifelong resident of the quiet farming community of 3,000 residents, as she lived the first of her daughter's death. "These things happen in big cities, not in small towns like Mount Forest. But it does



Delaney & computer imagery linking 300 police forces

happen. We know it has happened." The Burckholder family's personal tragedy sparked feelings of sympathy, fear and anger among many Canadi-

ans—particularly Ontario residents. Only one month earlier, on June 16, someone abducted 11-year-old Christopher Stephenson from a shopping mall in Brampton—a city of 180,000 that lies between Mount Forest and Toronto—and stabbed him

to death. Forensic scientists have not yet released the results of toxicology tests that they performed in order to determine whether the boy was sexually assaulted. Police have charged Joseph Fredericks, 45, a furniture company worker who had recently moved to Brampton, with first-degree murder in that case.

The spectre of their children suffering abductions and violent death has haunted parents in recent years—especially since 1989, when D.C. serial killer Clifford Olson confessed to the murders of 11 children and teenagers. In response, police in many Canadian cities have instituted street-proofing programs—measures that help show youngsters how to avoid potential ab-

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doctors. And in 1986, the federal government established a missing-children's registry, a computerized list that can provide comprehensive information rapidly to 350 police forces across the country. But federal statistics show that the rate of sex-related murders of children 15 years old and younger has remained fairly constant—at about six slayings a year—between 1979 and 1986, the last year for which figures are available.

The death of a child is always devastating for a family and community, and Winnipeg-based official psycholo-

gist Patrick Mulgrew said that a child murder is particularly traumatic. Said Mulgrew, who frequently trains police officers who are suffering from the stressful effects of investigating violent crimes: "Tragedies like that threaten and challenge the ordinary sense of human security that we operate under." And Neil Boyd, the director of the school of criminology at the University of British Columbia, said that society regards sex-related child killings as the worst possible crime. Declared Boyd: "It's every parent's worst nightmare."

For some parents, that nightmare has no ending. Of the 72 sex-related child murders committed across Canada during the 14 years from 1975 to 1989, 16 remain unsolved. Among them the rape and strangulation of nine-year-old Sharie Morrongieller Krasner, who disappeared on Jan. 23, 1983, and whose body was discovered by police five days later in a Toronto machine house refrigeration. And there have been others more recently, including the July 13, 1987, murder of three-year-old Holly Marshall in Port Alberni, B.C.; a pulp-mill worker from 135 km north of Toronto on Vancouver Island. According to local court officials, the toddler's killer entered the home of family friends where she was sleeping, sexually assaulted her and murdered her.

Only four months earlier, in Kelowna, B.C., on March 16, 1987, another three-year-old girl, Brooke Barker, was sexually assaulted and killed. James Jones, 37, is now serving a life sentence for that murder. Said local news anchor John Gieseman: "The community was shocked and upset that something like this could happen here. Parents are still very concerned about their children's safety and they take extra precautions."

Clearly, however, precautions cannot guarantee a child's safety. Alison Purcell, a bright, talented 18-year-old track star, was lured from her Toronto home by a telephone caller posing as a sports photographer on July 28, 1988—even though she had participated in a street-prowling program. Two boys found her naked body two days later in a heavily wooded park by the Humber River, 16 km from her home. Forensic evidence showed that she had been raped and strangled. And despite one of the most intensive and—at a cost of more than \$2 million—expensive investigations in the city's history, police have been unable to find her killer.

The residents of peaceful Meats Forest, where Menominee[®] hand-drawn baggies sometimes clutter down the streets, say that they find it difficult to confront the stark reality of a child murder. Indeed, even newspaper Frederick McManus said that there had not been a killing in the area since 1985—when a young man died on Main Street after his mother's physician struck him with a cane during an argument. But on the morning of July 21, as friends and neighbors watched four pallbearers carry Kris Bertholder's small, white coffin into St. Mary's Roman Catholic Church, their presence underlined the fact that such tragedies can—and do—occur where families expect them least.

—ANNE SEBASTY with BETTE LARSEN/STAFF IN
Bosnia Press and correspondence reports



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Cubism and concubines

PICASSO CREATOR AND DESTROYER

By Ariana Stassinopoulos Huffington
General, \$38 paper, \$11.95

PICASSO AND MARIE-THÉRÈSE WALTER

By Robert F. Schwartz
Editions Indes, 287 pages, \$22

It is no secret that in his private life, Pablo Picasso was something of a monster. The most famous artist of the 20th century could be, as art critic James Lord wrote in 1964, "perverse, cruel, selfish, sentimental and gossamerous." For Greek-born Texas socialite Ariana Stassinopoulos Huffington, author of *Picasso: Creator and Destroyer*, the monster whom the artist most closely resembled was the 19th-century half man, half bull, sexually predatory, living in a labyrinth and feeding off human flesh. However striking, the image is hardly original. Set then, in 1987, in the artist's not-yet-biography of the Spanish-born artist, who died in 1973, that is now. By comparison, Picasso and Marie-Thérèse Walter, by senior art historian Robert Schwartz, a physician based in Tuktoyaktuk, N.W.T., at least has the merit of casting fresh light on Picasso. Schwartz's book examines the relationship between the artist and Walter, who was the greatest sexual passion of Picasso's life and the subject of thousands of sketches, paintings and sculptures.

For Huffington, who wrote *Marie Colter: The Woman Behind the Legend*, Picasso's tragedy was that, "terrified of death and convinced that the universe was evil, he melted out his rage and his vengeance on people and nature alike." But, curiously, Huffington's basic psychological explanations

The artist's work takes second place in his sex life, with its seemingly endless cycle of seduction, appropriation, rejection and psychological humiliation. Certainly, Picasso's ego took its toll on those around him. His mistress Walter, his grandchild Pablo's and his second wife, Jacqueline, honestly all took their own lives. (Like his first wife and artist Dora Maar, another mistress, both had serious mental breakdowns. When Françoise Gilot—who lived with him for more than a decade and here



Picasso with wife, Jacqueline: cycles of seduction, rejection and humiliation

him two children—published an account of their life together (1994's *Life with Picasso*) he headed her in the courts, out of contact with the children and tried to run her career as a painter.

Gilt is among the few Picasso intimates who talked to Huffington. The result is that *Picasso: Creator and Destroyer* is little more than a stitching together of other memoirs and accounts, unredacted by any real understanding of 20th-century art. Picasso is there to see in all the more repugnant aspects of his character—including his failure to use his considerable influence to rescue

his close friend, the Jewish poet Max Jacob, when Jacob was imprisoned during the Nazi occupation of France.

What is missing in any sense of Picasso's vast, profound artistic achievement. And by concentrating on the artist's later years, Huffington has failed to convey the heady excitement of the early 1900s when, with Georges Braque, Picasso invented Cubism. (Incidentally, Huffington's book reads like a proposal for "Picasso: The Mini-Series." In fact, Los Angeles-based producer David Wolper purchased the TV rights before reading a page of the manuscript, so the author notes in her acknowledgments.

Unlike Huffington's book, *Picasso and Marie-Thérèse Walter* examines the private Picasso in order to better understand his work. The book is

something of a curiosity, focusing on a small detail in the artist's life. By all official accounts, Picasso met Walter in a Paris subway station in 1907, when she was 17 and he was 43. Schwartz, after carefully examining the artist's work from that period and questioning surviving relatives and friends, convincingly establishes that Picasso met Walter two years earlier, when she was only 15. Picasso, who had a healthy respect for the French judiciary, was careful to record that Schwartz is not the most elegant of writers, but his engaging piece of detective work clearly derives from a grand passion for the artist's work. Huffington—who evidently has come to love her subject—could have benefited from a weaker order

—GOOTYEN JAMES

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Walter: sexual passion



Field tests for safe sex

Ever since the AIDS epidemic reached crisis proportions in the mid-1980s, widespread public education campaigns around the world have increasingly emphasized the—short of abstaining from sex—second use in the best means of preventing sexual transmission of the fatal disease. As a result, condom sales are up sharply after years of decline. In Canada, sales have risen by 50 per cent since 1984, with 40 million sold during the past year alone. Still, despite widespread recommendations for condom use, there has been almost no testing of the prophylactic's effectiveness as an anti-AIDS barrier. But researchers at the University of California in Los Angeles have now obtained results from preliminary studies that began two years ago. Enclosed study administrator Dr. Jeffrey Perlman: "It is good news about condoms."

These tests, sponsored by the Bethesda, Md.-based National Institutes of Health, found that only four out of a random sampling of 200 latex condoms selected from 35,000 prophylactics al-

lowed the passage of the human immunodeficiency virus (HIV), which causes AIDS. In Ottawa, meanwhile, Health and Welfare Canada spokesmen said that the ministry's health protection branch had no plans to conduct specific AIDS tests on condoms. Still, they noted that growing concern about the disease

Researchers subjected condoms to pressure tests before pressing a blunt syringe against a water-filled prophylactic

had led the branch to resume strength and leakage tests on condoms in May, 1987—the first major trials since 1979.

One month after those tests began, officials at Toronto-based Julius Schmid of Canada Ltd., which supplies more than half of the country's condom market, voluntarily recalled about 750,000 latex condoms because many of

them did not meet Ottawa's leakage standards. At the time of the recall, Schmid Canada president Murray Black said that the company was improving its quality-control levels because of the new emphasis on AIDS.

In California, researchers subjected latex condoms to air- and water-pressure tests before pressing a blunt syringe containing air against the inside of a water-filled prophylactic. Feld Perlman: "The conclusion is that there are lots of holes out there that are safe." In the next stage of the study, which could start later this year, researchers plan to provide protected latex condoms and spermicide to 10,000 AIDS-free volunteers. An additional 1,000 may participate as a control group but will only receive standard public-health information on the avoidance of sexually transmitted diseases. By contrast, researchers will ask members of the main group to use both forms of protection every time they have intercourse. The scientists will then test the participants every second month during a two-year period. For signs of AIDS and other sexually transmitted diseases, "Theoretically," said Perlman, "they should have a zero infection rate." That would be good news in the midst of a grim epidemic.

—VERA LINDENWOLD

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Musings by a mystic

THE DEATH OF METKUSZELAH
AND OTHER STORIES

By Isaac Bashevis Singer
(Columbia, 244 pages, \$29.95)

A 84, Nobel Prize-winning author Isaac Bashevis Singer is the Metkushelah of contemporary literature: someone who offers the wisdom of the ages but who—as his high and latest story collection reminds us to expect in him. Yet if most offerings in *The Death of Metkushelah* only echo such powerful earlier collections and novels as *Gimpel the Fool* (1957) and *The Master* (1959), half a dozen speak with an enviable authority. The son of a Hasidic rabbi, Singer was born in the Polish town of Radzymin in 1904 and emigrated to the United States 21 years later. His prodigious literary output, which includes essays, plays and children's books, has always demonstrated a proximity between the Old World and the New.

That characteristic is evident in the new book's 26 short pieces and their recurring themes, which range from jesi-

ous love to the mysterious relationship between the natural and supernatural realms. Foremost in Singer's writing, however, is the principle that, as one character puts it, "The emotions are the very essence of our being." In Singer's world, reason and morality can offer little resistance against the force of erotic passion. In "Disgraced," Pinchad, a "young student at a Polish religious school, runs away from his new wife. Years later, she finds him living as a transvestite with another man.

Metkushelah extends to the supernatural world. In "The Jew from Babylon" in that story, an angelized miracle worker—who has relied on the mystic arts of exorcism and clairvoyance—is destroyed not only by a rabbi's rational skepticism but by what the miracle worker calls the "evil ones"—demons who "take per-

venge for all the times he had desecrated them with his sanctity." But the collection also demonstrates Singer's lighter touch. "The Hotel," set in Miami Beach, Fla., and "Sabbath in Gehenna," set in hell, both depict more comic aspects of the human condition. And in the title story, Singer revisits biblical myth by mixing humor ("When you pass your nine hundredth birthday, you are not what you used to be") with his version of the apocalypse.

In Singer's particular universe—where everything is animated by the spirit of creation—damnation and salvation are everyday concerns, not abstract articles of faith. But while Singer's vision is largely pessimistic, he offers a slender thread of hope through art. As he colorfully suggests in his preface, art "can in its way attempt to mend the mistakes of the eternal boulder in whose image man was created."

At his best, the author of *The Death of Metkushelah* is still able to demonstrate why that statement is more than an idle boast.

—MORTON BITTS



Singer humors wisdom

ENVIRONMENT

Poison in poor lands

The quiet Nigerian port of Koko is an unlikely place for international controversy. But that West African town of about 1,000 people, located in the swampy Niger River delta, has become the focus of alarm among many environmental scientists. They say that European companies are dumping thousands of tons of hazardous waste wastes in some of Africa's poorest countries to avoid paying high disposal costs at home. Late last month, these towns of U.S. and British scientists spent almost a week examining 10,000 barrels of Italian waste material—including highly poisonous polychlorinated biphenyls (used as chemical coolants)—stacked in a field on the outskirts of Koko. The scientists said that many of the drums were leaking and that others were in danger of bursting under the tropical sun—while children played nearby. Sunday Nana, a retired timber worker, said that he had accepted \$125 per month from an Italian businessman to store the waste on his property.

European researchers say that as



Koko chemical dump: outrage over a trade in toxic waste

many as five African states had accepted toxic wastes even though those countries do not have the expertise needed to store such materials safely. The traffic is poised but has been prevented from starting in Africa, and, in late May, leaders of the Organization of African Unity pleaded with member-states to stop accepting refuse from the developed world. That growing awareness has prompted the cancellation of several disposal contracts, led to a spate of arrests of suspects in the trade—and increased demand for proposed United Nations regulations against toxic-waste dumping.

Environmental experts maintain that the trade has grown sharply because European states, the United States and Canada have severely tightened their regulations for toxic-waste disposal. As a result, waste-treatment costs in these countries have soared to as much as \$1,200 a ton, while

Environmental experts maintain that the trade has grown sharply because European states, the United States and Canada have severely tightened their regulations for toxic-waste disposal. As a result, waste-treatment costs in these countries have soared to as much as \$1,200 a ton, while

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"Couldn't make Jamaica this year, so we bought Gold instead."



disposal companies have paid as little as \$1 a ton to dump wastes in Africa. That difference in price means potential profits of millions of dollars for a shadowy network of shipping agents and disposal companies, many of which are registered in the Channel Islands or other jurisdictions that do not require the companies' real owners to identify themselves.

In Africa, meanwhile, some governments maintain that waste had arrived without their knowledge as the result of deals between traffickers and corrupt local officials. In the Central African nation of Congo, police arrested three senior government officials last month in connection with a plan that would have allowed entry to as much as 50,000 tons of toxic waste from the United States. The West African country of Guinea-Bissau announced that it was backing out of an agreement to accept 15 million tons of waste from developed countries—a deal that would have been worth \$748 million over five years.

But other countries, badly in need of foreign currency, shied at signs of culling off their debts. The West African country of Benin, for one, has agreed to store up to a million tons of waste a year from several European countries at a cost of \$1 a ton. And environmental groups maintain that many other Third World countries are involved in the trade. Greenpeace, the international environmental group, issued a report last month denouncing 48 waste-export deals involving both African states and Latin American countries, including Guyana and the Dominican Republic.

Still, there were increasing signs that the trade might soon be curbed. For one thing, the Italian government has pledged that it will attempt to remove 4,000 tons of toxic waste that Helios firms have dumped in Nigeria. And in Geneva, officials of the UN Environment Program have drafted a proposed international convention that would forbid the export of hazardous wastes unless the importing country is informed about the substance it is receiving—and can treat them properly. UN officials say that the document will be ready for signing next March.

Some experts, however, questioned whether such agreements would halt the profitable trade. Declares Belgian environmentalist Paul Lapeere, "The prices are too great for the trade to desert of itself, now that it has got down roots." Clearly, exporting poisonous wastes will not be easy for many cash-starved countries.

—ANDREW POLLACK in London with PETER LEWIS in Brussels



De Niro (left), Grodin, a noble sense of mission and a profane sense of humor

FILMS

Lethal wit and weaponry

MIDNIGHT RUN

Directed by Martin Brest

DE HARD

Directed by John McTiernan

Now that Hollywood studios have rolled out their big guns—from Eddie Murphy to Roger Rabbit on the battle for the summer box office, along come two unlikely contenders. Robert De Niro and Bruce Willis's *Midnight Run* and Willis's *De Hard* are a pair of hit-

men who get tripped in a sequence between armed gangs of gangsters and police. And although *Midnight Run* and *De Hard* are radically different in style, in each case its vigorous script transcends a familiar formula.

Midnight Run is a buddy movie. De Niro plays Jack, a tough and doggedly honest former cop turned bounty hunter. A bail bondsman promises him \$100,000 if he can track down a high-jumping con artist in New York City and bring him back alive to the authorities in Los Angeles. Charles Gro-

Willis: lone-gun hero



din costars as the embittered, a mild-mannered accountant named Jonathan who stole \$15 million from a ruthless mobster, going most of the money to charity. As Jack drags his handcuffed charge across America by train, bus and car, they become targets for the Mafia, the FBI and a rival bounty hunter.

There are moments in the film that betray director Martin Brest's background as the maker of *Beaverly Hills Cop*—including the mandatory chase scene that leaves the countryside littered with

smashed squad cars. But otherwise, *Midnight Run* is a witty, low-key comedy with the accent on character. Individually, De Niro and Grodin are brilliant together, they are brilliant. Their face smeared with shifting currents of anxiety and rage, De Niro is utterly believable as a working stiff desperately trying to do his job. And Grodin, as the relaxed, middle-class criminal who chides his captives about the dangers of smoking, serves as his deadpan foil. His complicity with the audience is so complete, he triggers laughs with just a subtle glance.

Unlike Grodin, De Niro, Bruce Willis—who received \$1 million for *De Hard*—is no character actor. The prospect of seeing Willis as a hard-chested warrior, his smirk looming larger than life on the big screen, may lure some people away from *De Hard*. But with an arsenal of plastic explosives and well-scripted war-movie, Willis' Ronn Kossak, Conan and Dirty Harry to kingdom come. *De Hard* is quite simply the best action movie in years.

Willis portrays John, a New York City policeman who arrives in Los Angeles on Christmas Eve to visit his estranged wife, Holly (Bonnie Bedelia), and their two children. John shows up at the 30-story office tower where Holly, an executive with Japanese conglomerates, is attending a corporate Christmas party. Meanwhile, 59 terrorists, armed to the teeth, take over the building and send it off. Holding the hostages hostage, they go to work on a safe containing \$600 million in bonds. But John, who is hiding in the wings, through their place. *De Hard* contains a running parody of action movies. The media, the police and the FBI are all but up in arms, and the chief terrorist, who behaves like a naive sociologist, brands John "another orphan of a bankrupt culture who has seen too many movies."

The picture is extremely violent, bodies go off, bullets rip through heads, heads are thrown against steel. But *De Hard* is also smart, satirical—and, in an odd way, heartwarming. The movie employs every thriller cliché available—less the hero who dies by his desperado above the abyss to the moment when they refuse in the end, clichés are delivered with an ironic twist.

De Hard explodes on the screen. The rack 'n' roll, *Midnight Run* winds like slow blues. But both are variations on the American myth of the lone-gun hero. Both feature protagonists who express their frustration with highly imaginative uses of the P-word. And the violence, profane wit evokes the most lethal weapon of all.

—ERIN D. JOHNSON



Juggler with the inflated air juggling: strolling comics and fall-down comics at an international crossroads of comedy

SHOW BUSINESS

Montreal's festival of the funny bone

I was 3 a.m. in the hotel bar. The jugglers had gone to bed, but a few stand-up comedians were still sitting around, sipping from a night's work at Montreal's Just for Laughs comedy festival, when a slim, young man with a Scottish accent offered to show off his act. Glasgow's Steve Starr began by wailing for 30 seconds. The first stopped dead silent. The others clinked as they formed a pile in his gut. Like a human slot machine, Starr changed his chest and coughed then up, one, two or three at a time, as requested. He repeated the trick with his own key, then a light bulb, then a Rubik's cube—watching the cube's configuration before rearranging it. Finally, Starr placed a deck of playing cards in his mouth, promising to "juggle the whole pack and bring up any card you ask for." The spectators gasped. Starr removed the cards from his mouth and smiled. "Just juggling," he said.

Some people will do anything for a laugh—and that was the object of Just for Laughs, an annual event that has turned Montreal into an international crossroads of comedy. The festival, which closed on July 24, is the largest—and the only—event of its kind in the world. Converging on the city to perform during the past two weeks

were some 250 performers from 35 countries. They included stand-up comics and fall-down clowns. There were dancers, magicians, jugglers, musicians, tightly satirists and village idiosyncrasies. Many were unknowns hoping to be discovered and sent up to serve as court jesters in talk-show heaven. But the roster also featured such es-



Edward's brashness and baroque luxury

tablished stars as John Candy, American comedy veteran Steve Allen and French comic legend Marcel Marceau.

Steve Allen, Just for Laughs began as two nights of comedy shows in French, with a budget of \$600,000. This year, it was an 11-day, \$5-million, two-language extravaganza that attracted at least 300,000 spectators. Television rights were sold to eight countries. And the final gala show, hosted by John Candy, was broadcast on the weekend by the CBC and by the French Bee Office pay channel, which has 15 million U.S. subscribers. So-called Show Johnny Carson's Tonight Show and Late Night with David Letterman came to cover the festival for cable. In fact, Starr, the Glasgow regular who dismisses his act by giggling and clapping his head, appeared on the Letterman show the day before his Montreal appearance last week. Bobbly Friedman, founder of the Improvisation Comedy club in Los Angeles, also was recruiting in Montreal. Baffling his glass with Marceau's champagne in the hotel bar, he said, "Every year we find an act or two that we fall in love with. This Starr kid—he's a freak act,

but he's good. We're going to showcase him in L.A. and book him in Vegas."

While Just for Laughs serves as a bustling marketplace for American impresarios, the festival's organizers have tried to expand the event's local appeal. This year for the first time, its activities have spilled onto the street, picking up the president of the immensely popular annual Montreal International Jazz Festival, which takes place earlier in July. And the stages were set up on the same scaled-off section of Montreal's St. Denis, another street infested with the festival's green cartoon mascot.

Outdoors, crowds on café-lined St. Denis thrived on the various antics of the lazzarini of juggling, a four-member troupe from France that elevated the art of juggling to surreal heights. But the puns belied as the festival's most outrageous performer was Jango Edwards, an expatriate American based in Amsterdam. At the end of his act, Edwards strapped down to a star-shaped postcard with matching suspenders. He stood on a chair, asked for a drum roll and prepared to execute his grand finale—a dive into a Dixie cup of frozen mineral water.

The prodigal son of a Detroit and merchant, Edwards combines American brashness with the baroque luxury favored by such Europeans as film director Federico Fellini and artist Salvador Dalí, who have both served as his patrons. In fact, Edwards is set to costar as a madman in a new film by Fellini next year. Immensely popular in Europe, he was almost unknown in North America until the Montreal festival.

His style evokes the raucous schizoidism of Just for Laughs—a Quebec festival stretched between the video-glittering extremes of Kansas and America. On the one hand, it featured San Francisco's Badland Shakespeare Company, which offers a slapstick satirization of the tedium of academic posturing. The troupe conveys the Bard's complex works into a 20-minute frolic.

Juliet Anne Somers in the gown and Shakespeare's bawdiest were awarded a football game with a crown as the ball. On the other hand, there was Marcel Marceau, who describes his act as a most serious endeavor. "Mau," Marceau told *Playmate*, "deals with the profundity of human nature and the most intimate inspiration of the soul."

After a session of mine, a festival-goer could almost lighten up with some local American one-liners. Louis Anderson told Quebecers, "You shouldn't have the two languages, really—just combine them." Steve Phillips said, "I was just in Winnipeg, where we have sounds like a cheap concert for pi-



Candy, a showcase for side-splitting asides of two continents

rates." And Canada's own Lorne Elton got into the act with a comment on the new one-dollar coin. "This baby was supposed to boost confidence in the Canadian economy," he said. "It looks like the job could overstep it and there would be confidence in it!"

Local performers built their own act at the festival. Wearing ski boots strapped to a trotting platform, the Cirque du Soleil's Dana Lacombe electrified the audience with his impersonation of an orchestra conductor leaping into the staves of Tchaikovsky's 1812 Overture. Meanwhile, Quebec's popular comedy stars regaled audiences with sketches and stories. "One-liners don't really exist in French," says comedian Dominique Michel, who caricatured the French-language police. "When we say 'sit down, on the ground' we see the English words."

The festival's longest wait for a punch line was a 50-hour marathon of improvisation by two actors from Quebec and France seeking an entry in the Guinness Book of World Records. Performing in shifts, they took breaks for meals and drinks from spectators piled up like offerings at a Hindu temple.

Gilbert Roson, president and founder of Just for Laughs, takes pride in the city's diversity as his festival. "We want Montreal to become the funniest city in the world," explained the 40-year-old lawyer. "It has to become the capital of humor and Canada the capital

of fun. Montreal can certainly become the capital of comedy." One of seven children born to a construction foreman in a village outside Montreal, Roson says that he grew up convinced to do the work of his first job was as a groundskeeper at age 13. Roson began his entertainment career promoting outdoor pop concerts, and in 1980 he lost nearly \$1 million on an event insured by bad weather and a truck strike. But he persuaded bankers to lend him more money to launch Just for Laughs, which remains a nonprofit venture funded by sponsors and governments.

As he discusses his plans for expanding the festival's comedy programs in the schools, Roson sounds extremely serious. But he and his cohort, programmer Andy Neilman, enjoy the odd pratfall. When John Candy crashed into the hotel room last week, it turned out to be an 800-square-foot bathroom outfitted with a massive bed, Richard Fries, a puff cut and great bowl of comedy. The comedian, who had set up staying in smaller quarters, said that he was not afforded. After all, it was just for laughs.

—BRAND D. JOHNSON in Montreal

MACLEAN'S BEST-SELLER LIST

FICITION

- 1 The House Agents, *London* (3)
- 2 Boys, *Shel* (3)
- 3 Back Street, *William* (4)
- 4 Alaska, *Richard* (4)
- 5 The Tummyknockers, *King* (5)
- 6 King of the Mares, *Edging* (5)
- 7 Prebble to Prebble, *Amos* (5)
- 8 People Like Us, *Dove* (10)
- 9 Winter Palace, *James* (10)
- 10 Treasure, *Chandler* (10)

NONFICTION

- 1 Talking Straight, *Isaacson* (1)
- 2 The Art of the Deal, *Trump* (1)
- 3 A Brief History of Time, *Hawking* (4)
- 4 Mosaic, *Johnson* (4)
- 5 Thinking on Chain, *Peters* (7)
- 6 Canadian Living Cookbook, *Ferguson* (8)
- 7 Swine and Sharks Without Being Taken Alive, *Wickham* (8)
- 8 55 Olympic Winter Games, *Anderson and Johnson* (9)
- 9 The National Dictionary of Canada, *Lawrence* (10)
- 10 What's Next, *Anderson* (1)

(1) Fiction last week

—Compiled by Brenda McFreyer

Mob journalism in Atlanta

By Allan Fotheringham

This is a statement of love and affection for my fellow scribblers. Journalists, on the whole, are the salt of the earth, God's children. They are kinder than the Irish, wiser than the Greeks, nobler than the Romans. They have the patience of the Chinese, the charisma of the Swedes. No one could have finer partners in a bar or a libel suit. They would give you the shirt off their back in an emergency, at least five inches at a time. There is just one problem. I don't like them in large clumps.

Two members of the trade are great fun. Twelve at a dinner party can be hilarious. At 13,000, however, the typical pack of journalists is a pain in the ass. This is written from the Democratic convention in peppy-keen Georgia, Atlanta being the scene of the crime. If I ever see another TV cameraman, I am going to cry. If I ever hear the fast-forward squeal of another tape recorder, I am getting me to a sunny.

This is the third such event of the year so far in which the media, growing faster than germs, have so dominated an event that it is hard to see the participants. First there was the Super Bowl, when the fastest growth industry of the land was not on the slopes but in the press tent. Next was the economic summit in Toronto, where the world press interviewed itself in search of a story that didn't exist.

Now there is Atlanta, with two more such frightful spectacles still to come. There's the Republican convention in New Orleans in August and the Social Olympics in September. I think I'll skip Seoul. Two-guy-camera-stopping was never my favorite athletic event.

There is something more than ludicrous about events where the watchers outnumber the participants 32 and 43 and block the view of the public. If you've ever missed the spring practice of the Notre Dame football team, you can get intensely close to the action by being caught in a stampede of 40-hour cameramen trying to trap a politician on a starway. The mere press press, armed only with notebooks like

riot police with their plastic shields, emerge from these events with scars that last until Labor Day. I do not fear libel lawyers, wire-bearing politicians or cabinet ministers emboldened by the scope after reading a column about their ancestry. I fear most of all rampaging television sound men the size of defensive tackles.

As faithful viewers of *The National* know, Canadian politics has profaned that unique Ottawa invention, the "scum." What is not known is that the guards to keep them would just hold a lottery at the opening of every



did not pass the Ottawa fair despotism exam.

Naturally, the organizers of international unmanageable events have realized in the face of the growing mob increasingly, they restrict coverage of events at something like the economic summit in a "press" arrangement—a few reporters and photojournalists who must then share their glimpses with their thousands of colleagues. The remainder are then herded into large holding pens, usually in the corridors and staircases of hotels, where they are forced to interview each other and, every third day, when ancient rebellion is imminent, are placed with those sandwiches that were made last week.

It is a given that upon returning from one of these death marches, friends always inquire about how much "fun" must have been encountered—values of buchananish feed-up politeness. As a matter of fact, Atlanta's was the worst

food of an otherwise nonconquering summit. The crowding and severely noncommittal scheduling leads to the inevitable junk food and warm beer. Every time, after returning from one of these food-disappointing, I have a new appreciation of how teenagers eat.

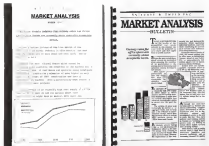
The solution to this growing blight on the surface of innocent earth? It is quite simple, really. The organizers (who like to boast—for example in Atlanta—that they have attracted 13,000 of the media mob, but then have security guards to keep them) would just hold a lottery at the opening of every one of these tea sets.

A select number of delegates would be put into the holding pens for a day or two, packed with cattle prods as the nerds are and fed last week's cheese sandwiches. In return, a select number of teeth-and-hair anesthetists would be required to pose as delegates, down on the convention floor, and would be swatted across the head by the swirling butt ends of portable TV cameras—an experience familiar to almost anyone who ventures outdoors these days. I think an accommodation could be reached quickly.

Current sense eventually intrudes: For example, sent only last week to Atlanta, as opposed to the 712 it dispatched to the Democratic gathering in San Francisco in 1984. This two-guy-camera-stopping event may induce some people to do other things than attend.

Journalists are a notoriously undisciplined lot, unsway to police their own ranks. (Unlike the clever lawyers and doctors who, by contrast, have been given the right by society to "police" their own ranks—i.e. protect the malpractice—before the courts go first crack at them.) But if the serious and the electric folk do not do something about 13,000 bodies covering 4,000 delegates—or seven politicians, or 2,000 athletes—there will be serious retaliatory measures, which will be enthusiastically embraced by a fed-up public.

And you know as well as I do what those serious measures will be: cheese sandwiches made two weeks ago



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Then the real struggle began, trying to get more colored felt pen on your pie charts than your cuffs.



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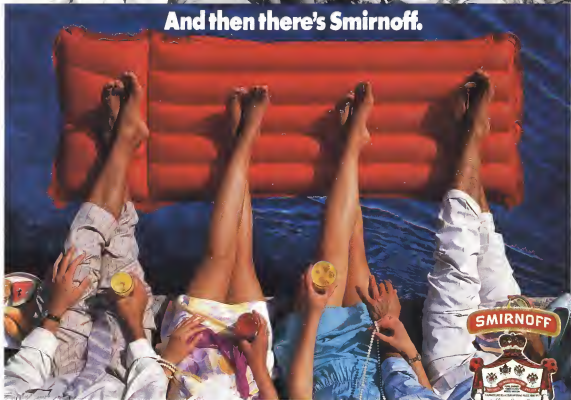
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